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# **Dunstan and Wragg Limited**

## **Report and Financial Statements**

31 December 2006

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COMPANIES HOUSE

# Dunstan and Wragg Limited

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Registered No 1211971

## **Directors**

P C Nix  
J G Burns  
V J Glover  
Dr Hashemi-Ahmady (resigned 31 January 2007)

## **Secretary**

J G Burns

## **Auditors**

Ernst & Young LLP  
City Gate West  
Tollhouse Hill  
Nottingham  
NG1 5FY

## **Bankers**

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

## **Solicitors**

Freeth Cartwright LLP  
Willoughby House  
20 Low Pavement  
Nottingham  
NG1 5EA

## **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 2006

### Results and dividends

The profit for the year, after taxation, amounted to £48,327

(2005 - £121,562) 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 2006 and their interests in the share capital of the company were as follows

|                   | <i>At<br/>31 December 2006<br/>Ordinary shares</i> | <i>At<br/>1 January 2006<br/>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

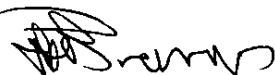
### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

### 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

31 JULY 2007

## **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 law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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,
- state whether applicable UK 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 group and 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 group and 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 2006 which comprise the primary financial statements such as the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 18. 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding 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**

### **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 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*Ernst & Young Wf*

Ernst & Young LLP  
Registered auditor  
Nottingham

Date *218/07*

## Profit and loss account

for the year ended 31 December 2006

|                                                              | Notes | 2006<br>£ | 2005<br>£ |
|--------------------------------------------------------------|-------|-----------|-----------|
| <b>Turnover</b>                                              | 2     | 999,794   | 1,185,583 |
| Cost of sales                                                |       | 622,548   | 678,887   |
| <b>Gross profit</b>                                          |       | 377,246   | 506,696   |
| Distribution costs                                           |       | 85,079    | 89,032    |
| Administrative expenses                                      |       | 251,796   | 294,219   |
| Other operating income                                       |       | (24,516)  | (20,000)  |
| <b>Operating profit</b>                                      | 3     | 64,887    | 143,445   |
| Interest payable and similar charges                         | 6     | 2,670     | 3,987     |
| <b>Profit on ordinary activities before taxation</b>         |       | 62,217    | 139,458   |
| Tax on profit on ordinary activities                         | 7     | 13,890    | 17,896    |
| <b>Profit for the financial year transferred to reserves</b> |       | 48,327    | 121,562   |

## Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £48,327 attributable to the shareholders for the year ended 31 December 2006 (2005 - profit of £121,562)

# Balance sheet

at 31 December 2006

|                                                      | Notes | 2006<br>£ | 2005<br>£ |
|------------------------------------------------------|-------|-----------|-----------|
| <b>Fixed assets</b>                                  |       |           |           |
| Tangible assets                                      | 8     | 96,672    | 117,227   |
| <b>Current assets</b>                                |       |           |           |
| Stocks                                               | 9     | 16,127    | 19,078    |
| Debtors                                              | 10    | 293,600   | 247,281   |
| Cash at bank                                         |       | 732       | 257       |
|                                                      |       | 310,459   | 266,616   |
| <b>Creditors</b> amounts falling due within one year | 11    | 209,444   | 234,483   |
| <b>Net current assets</b>                            |       | 101,015   | 32,133    |
| <b>Total assets less current liabilities</b>         |       | 197,687   | 149,360   |
| <b>Capital and reserves</b>                          |       |           |           |
| Called up share capital                              | 15    | 100       | 100       |
| Capital Contribution                                 | 16    | 250,000   | 250,000   |
| Profit and loss account                              | 16    | (52,413)  | (100,740) |
|                                                      | 16    | 197,687   | 149,360   |

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

21 July 2007

## Notes to the financial statements

at 31 December 2006

### 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

#### **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

#### **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

#### **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

- 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

#### **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

## Notes to the financial statements

at 31 December 2006

### 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

|                | 2006<br>£      | 2005<br>£        |
|----------------|----------------|------------------|
| United Kingdom | 999,794        | 969,888          |
| Rest of Europe | -              | 207,604          |
| USA            | -              | 8,091            |
|                | <u>999,794</u> | <u>1,185,583</u> |

### 3. Operating profit

This is stated after charging

|                                              | 2006<br>£     | 2005<br>£     |
|----------------------------------------------|---------------|---------------|
| Auditors' remuneration - audit services      | 3,500         | 3,000         |
| - taxation services                          | <u>3,000</u>  | <u>3,000</u>  |
| Depreciation of owned fixed assets           | <u>38,325</u> | <u>51,505</u> |
| Operating lease rentals - land and buildings | 61,000        | 61,000        |
| - plant and machinery                        | <u>18,733</u> | <u>26,223</u> |

### 4. Staff costs

|                             | 2006<br>£      | (Restated)<br>2005<br>£ |
|-----------------------------|----------------|-------------------------|
| Wages and salaries          | 448,775        | 462,325                 |
| Social security costs       | 45,478         | 47,321                  |
| Staff pension contributions | 9,900          | 9,087                   |
|                             | <u>504,153</u> | <u>518,733</u>          |

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

|                | 2006<br>No | 2005<br>No |
|----------------|------------|------------|
| Finance        | 1          | 1          |
| Production     | 11         | 11         |
| Administrative | 5          | 5          |
|                | <u>17</u>  | <u>17</u>  |

## Notes to the financial statements

at 31 December 2006

### 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 2006 and 31 December 2005.

### 6 Interest payable and similar charges

|                       | 2006<br>£    | 2005<br>£    |
|-----------------------|--------------|--------------|
| Bank interest payable | <u>2,670</u> | <u>3,987</u> |

### 7. Taxation on ordinary activities

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows

|                                                            | 2006<br>£     | 2005<br>£     |
|------------------------------------------------------------|---------------|---------------|
| <i>Current tax</i>                                         |               |               |
| UK corporation tax                                         | 14,585        | 18,012        |
| Adjustment in respect of prior years                       | (787)         | –             |
| Total current tax (note 7(b))                              | <u>13,798</u> | <u>18,012</u> |
| <i>Deferred tax</i>                                        |               |               |
| Origination and reversal of timing differences (note 7(c)) | 92            | (116)         |
| Tax on profit on ordinary activities                       | <u>13,890</u> | <u>17,896</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% (2005 - 30%)

The differences are reconciled below

|                                                                                                  | 2006<br>£     | 2005<br>£      |
|--------------------------------------------------------------------------------------------------|---------------|----------------|
| Profit on ordinary activities before tax                                                         | <u>62,217</u> | <u>139,458</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax of 19% (2005 - 30%) | 11,821        | 26,497         |
| Disallowed expenses and non-taxable income                                                       | 2,856         | 7,590          |
| Capital allowances in excess of depreciation                                                     | (93)          | 2,081          |
| Group relief surrendered for nil payment                                                         | –             | (16,972)       |
| Sundry tax adjusting items                                                                       | (787)         | (1,184)        |
| Total current tax (note 7(a))                                                                    | <u>13,798</u> | <u>18,012</u>  |

## Notes to the financial statements

at 31 December 2006

### 7. Taxation on ordinary activities (continued)

#### (c) Deferred tax

The deferred tax included in the Balance Sheet is as follows

|                               | 2006<br>£    | 2005<br>£    |
|-------------------------------|--------------|--------------|
| Included in debtors (note 10) | <u>2,391</u> | <u>2,483</u> |

|                                               | 2006<br>£    | 2005<br>£    |
|-----------------------------------------------|--------------|--------------|
| Depreciation in advance of capital allowances | <u>2,391</u> | <u>2,483</u> |
| Deferred tax asset                            | <u>2,391</u> | <u>2,483</u> |

#### (c) Deferred tax

|                                                          | £            |
|----------------------------------------------------------|--------------|
| At 1 January 2006                                        | 2,483        |
| Profit and loss account movement arising during the year | (92)         |
| At 31 December 2006                                      | <u>2,391</u> |

### 8. Tangible fixed assets

|                          | <i>Plant &amp;<br/>Machinery</i><br>£ | <i>Fixtures &amp;<br/>Fittings</i><br>£ | <i>Motor<br/>Vehicles</i><br>£ | <i>Total</i><br>£ |
|--------------------------|---------------------------------------|-----------------------------------------|--------------------------------|-------------------|
| Cost                     |                                       |                                         |                                |                   |
| At 1 January 2006        | 192,441                               | 6,356                                   | 11,070                         | 209,867           |
| Additions                | <u>17,770</u>                         | <u>-</u>                                | <u>-</u>                       | <u>17,770</u>     |
| At 31 December 2006      | <u>210,211</u>                        | <u>6,356</u>                            | <u>11,070</u>                  | <u>227,637</u>    |
| Depreciation             |                                       |                                         |                                |                   |
| At 1 January 2006        | 86,783                                | 2,527                                   | 3,330                          | 92,640            |
| Provided during the year | <u>34,838</u>                         | <u>1,267</u>                            | <u>2,220</u>                   | <u>38,325</u>     |
| At 31 December 2006      | <u>121,621</u>                        | <u>3,794</u>                            | <u>5,550</u>                   | <u>130,965</u>    |
| Net book value           |                                       |                                         |                                |                   |
| At 31 December 2006      | <u>88,590</u>                         | <u>2,562</u>                            | <u>5,520</u>                   | <u>96,672</u>     |
| At 1 January 2006        | <u>105,658</u>                        | <u>3,829</u>                            | <u>7,740</u>                   | <u>117,227</u>    |

## Notes to the financial statements

at 31 December 2006

### 9. Stocks

|               | 2006<br>£     | 2005<br>£     |
|---------------|---------------|---------------|
| Raw materials | <u>16,127</u> | <u>19,078</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

|                                    | 2006<br>£      | 2005<br>£      |
|------------------------------------|----------------|----------------|
| Trade debtors                      | 125,618        | 134,787        |
| Amounts owed by group undertakings | 145,024        | 103,577        |
| Prepayments and accrued income     | 20,567         | 6,434          |
| Deferred taxation (note 7)         | 2,391          | 2,483          |
|                                    | <u>293,600</u> | <u>247,281</u> |

### 11. Creditors: amounts falling due within one year

|                                    | 2006<br>£      | 2005<br>£      |
|------------------------------------|----------------|----------------|
| Bank overdraft                     | 31,623         | —              |
| Other short term advances          | 21,715         | 62,351         |
| Trade creditors                    | 56,285         | 81,027         |
| Amounts owed to group undertakings | 10,178         | 4,976          |
| Corporation tax                    | 14,585         | 19,787         |
| Other taxation and social security | 42,053         | 31,956         |
| Accruals and deferred income       | 33,005         | 34,386         |
|                                    | <u>209,444</u> | <u>234,483</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. Commitments under operating leases

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

|                               | 2006                               |                   | 2005                               |                   |
|-------------------------------|------------------------------------|-------------------|------------------------------------|-------------------|
|                               | <i>Land and<br/>buildings</i><br>£ | <i>Other</i><br>£ | <i>Land and<br/>buildings</i><br>£ | <i>Other</i><br>£ |
| Operating leases which expire |                                    |                   |                                    |                   |
| In two to five years          | —                                  | 18,733            | —                                  | 26,223            |
| In over five years            | 61,000                             | —                 | 61,000                             | —                 |
|                               | <u>61,000</u>                      | <u>18,733</u>     | <u>61,000</u>                      | <u>26,223</u>     |

## Notes to the financial statements

at 31 December 2006

### 13. Contingent liability

The company has given guarantees in respect of the bank overdraft of other group companies which at 31 December 2006 amounted to £122,702 (2005 - £127,976) and in respect of other short term advances secured on debtors of £2,809,934 (2005 - £2,994,253)

### 14. 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 (2005 - £61,000) have been paid to the pension plan during the year. At the 31 December 2006 there was a prepayment of £14,244 within the balance sheet (2005 - £17,918)

### 15. Share capital

|                            | 2006                                       |     | Authorised<br>2005 |     |
|----------------------------|--------------------------------------------|-----|--------------------|-----|
|                            | £                                          |     | £                  |     |
| Ordinary shares of £1 each | 100                                        |     | 100                |     |
|                            |                                            |     |                    |     |
|                            | Allotted, called up and fully paid<br>2006 |     | 2005               |     |
|                            | No                                         | £   | No                 | £   |
| Ordinary shares of £1 each | 100                                        | 100 | 100                | 100 |

### 16. Reconciliation of shareholders' funds and movement on reserves

|                     | Share capital | Capital contribution | Profit and loss account | Total share-holders' funds |
|---------------------|---------------|----------------------|-------------------------|----------------------------|
|                     | £             | £                    | £                       | £                          |
| 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                    |
| Profit for the year | —             | —                    | 48,327                  | 48,327                     |
| At 31 December 2006 | 100           | 250,000              | (52,413)                | 197,687                    |

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

### 17. 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 £5,800 (2005 - £9,087). There were no outstanding contributions at the year-end date.

## **Notes to the financial statements**

at 31 December 2006

### **18. 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.