

Dunstan and Wragg Limited

Report and Financial Statements

31 December 2007



Duntsan and Wragg Limited

Registered No 1211971

Directors

P C Nix
J G Burns
V J Glover
M Glossop

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 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 2007

Results and dividends

The profit for the year, after taxation, amounted to £115,591 (2006 - £48,327) 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

The directors who served the company during the year were as follows

P C Nix

J G Burns

M Glossop (appointed 4 December 2007)

V J Glover

Dr Hashemi-Ahmedy (resigned 31 January 2007)

Directors' liabilities

The company 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 made 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

The directors' report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to smaller entities

By order of the board

J G Burns
Secretary



Date

13 OCT 2008

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 2007 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 (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 2007 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 LLP

Ernst & Young LLP
Registered Auditor
Nottingham

Date *17 October 2008*

Profit and loss account

for the year ended 31 December 2007

	Notes	2007 £	2006 £
Turnover	2	1,076,419	999,794
Cost of sales		(642,415)	(622,548)
Gross profit		434,004	377,246
Distribution costs and administrative expenses		(326,803)	(336,875)
Other operating income		30,000	24,516
Operating profit	3	137,201	64,887
Interest payable and similar charges	6	(3,368)	(2,670)
Profit on ordinary activities before taxation		133,833	62,217
Tax on profit on ordinary activities	7	(18,242)	(13,890)
Profit for the financial year transferred to reserves		115,591	48,327

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £115,591 attributable to the shareholders for the year ended 31 December 2007 (2006 – profit of £48,327)

Balance sheet

at 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	8	108,786	96,672
Current assets			
Stocks	9	7,521	16,127
Debtors	10	316,508	293,600
Cash at bank		1,415	732
		325,444	310,459
Creditors: amounts falling due within one year	11	(120,952)	(209,444)
Net current assets		204,492	101,015
Total assets less current liabilities		313,278	197,687
Capital and reserves			
Called up share capital	15	100	100
Capital Contribution	16	250,000	250,000
Profit and loss account	16	63,178	(52,413)
	16	313,278	197,687

The directors' report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to smaller entities

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

Date

13 OCT 2008

Notes to the financial statements

at 31 December 2007

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 -	20-33% straight line
Fixtures and fittings -	10-20% straight line
Motor vehicles -	20% 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

Notes to the financial statements

at 31 December 2007

1. Accounting policies (continued)

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:

	2007 £	2006 £
United Kingdom	1,076,419	999,794
	<u>1,076,419</u>	<u>999,794</u>

3. Operating profit

This is stated after charging:

	2007 £	2006 £
Auditors' remuneration - audit services	4,000	3,500
- taxation services	2,000	3,000
	<u>54,463</u>	<u>38,325</u>
Depreciation of owned fixed assets	54,463	38,325
	<u>61,000</u>	<u>61,000</u>
Operating lease rentals - land and buildings	61,000	61,000
- plant and machinery	18,696	18,733
	<u>18,696</u>	<u>18,733</u>

4. Staff costs

	2007 £	2006 £
Wages and salaries	430,078	448,775
Social security costs	44,407	45,478
Staff pension contributions	10,653	9,900
	<u>485,138</u>	<u>504,153</u>

Notes to the financial statements

at 31 December 2007

4. Staff costs (continued)

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

	2007	2006
	£	£
Finance	1	1
Production	11	11
Administrative	5	5
	<u>17</u>	<u>17</u>

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 2007 and 31 December 2006.

6. Interest payable and similar charges

	2007	2006
	£	£
Bank interest payable	3,368	2,670

7. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2007	2006
	£	£
<i>Current tax</i>		
UK corporation tax	20,000	14,585
Adjustment in respect of prior years	41	(787)
Total current tax (note 7(b))	<u>20,041</u>	<u>13,798</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(1,671)	92
Effect of changes in tax rate	(128)	-
Total deferred tax (note 7(c))	<u>(1,799)</u>	<u>92</u>
Tax on profit on ordinary activities	<u>18,242</u>	<u>13,890</u>

Notes to the financial statements

at 31 December 2007

7. Taxation on ordinary activities (continued)

(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

The differences are reconciled below

	2007 £	2006 £
Profit on ordinary activities before tax	133,833	62,217
Profit on ordinary activities multiplied by standard rate of corporation tax of 20% (2006 - 19%)	26,767	11,821
Disallowed expenses and non-taxable income	2,461	2,855
Depreciation in excess of capital allowances/ (capital allowances in excess of depreciation)	1,431	(93)
Group relief surrendered for nil payment	(10,659)	-
Sundry tax adjusting items	-	(787)
Adjustments in respect of prior periods	41	-
Total current tax (note 7(a))	20,041	13,798

(c) Deferred tax

The deferred tax included in the Balance Sheet is as follows

	2007 £	2006 £
Included in debtors (note 10)	4,190	2,391
Depreciation in advance of capital allowances	4,190	2,391
Deferred tax asset	4,190	2,391

(c) Deferred tax

	£
At 1 January 2007	2,391
Profit and loss account movement arising during the year	1,759
Adjustments in respect of prior periods	40
At 31 December 2007	4,190

Notes to the financial statements

at 31 December 2007

7. Taxation on ordinary activities (continued)

Recent changes in tax legislation were enacted which will affect the future tax position of the company. Most significantly, from 1 April 2008, the company's rate of corporation tax on profits will be increased from 19% to 20% and the rate of allowances for expenditure on plant and equipment will be reduced from 25% to 20% per annum on a reducing balance basis.

These changes will affect both the amount of future cash tax payments to be made by the company and the size of the company's balance sheet deferred tax asset.

As these changes were substantively enacted at the balance sheet date, the deferred tax asset is based on a corporation tax rate of 20%.

8. Tangible fixed assets

	<i>Plant & Machinery</i> £	<i>Fixtures & Fittings</i> £	<i>Motor Vehicles</i> £	<i>Total</i> £
Cost				
At 1 January 2007	210,211	6,356	11,070	227,637
Additions	65,688	889	-	66,577
At 31 December 2007	275,899	7,245	11,070	294,214
Depreciation				
At 1 January 2007	121,621	3,794	5,550	130,965
Provided during the year	50,932	1,311	2,220	54,463
At 31 December 2007	172,553	5,105	7,700	185,428
Net book value				
At 31 December 2007	103,346	2,140	3,300	108,786
At 1 January 2007	88,590	2,562	5,520	96,672

9. Stocks

	<i>2007</i> £	<i>2006</i> £
Raw materials	7,521	16,127

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

Notes to the financial statements

at 31 December 2007

10. Debtors

	2007	2006
	£	£
Trade debtors	68,617	125,618
Amounts owed by group undertakings	218,025	145,024
Prepayments and accrued income	25,676	20,567
Deferred taxation (note 7)	4,190	2,391
	<u>316,508</u>	<u>293,600</u>

11. Creditors: amounts falling due within one year

	2007	2006
	£	£
Bank overdraft	-	31,623
Other short term advances	-	21,715
Trade creditors	38,406	56,285
Amounts owed to group undertakings	15,363	10,178
Corporation tax	20,041	14,585
Other taxation and social security	27,625	42,053
Accruals and deferred income	19,517	33,005
	<u>120,952</u>	<u>209,444</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

	2007		2006	
	<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	-	24,000	-	18,733
In over five years	74,783	-	61,000	-
	<u>74,783</u>	<u>24,000</u>	<u>61,000</u>	<u>18,733</u>

13. Contingent liability

The company has given guarantees in respect of the bank overdraft of other group companies which at 31 December 2007 amounted to £633,158 (2006 - £122,702) and in respect of other short term advances secured on debtors of £1,724,606 (2006 - £2,809,934)

Notes to the financial statements

at 31 December 2007

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 £74,783 (2006 - £61,000) have been paid to the pension plan during the year. At the 31 December 2007 there was a prepayment of £16,154 within the balance sheet (2006 - £14,244)

15. Share capital

	<i>Authorised</i>	
	2007	2006
	£	£
Ordinary shares of £1 each	100	100

	<i>Allotted, called up and fully paid</i>			
	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	100	100	100	100

16. 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 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
Profit for the year	-	-	115,591	115,591
At 31 December 2007	100	250,000	63,178	313,278

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 £10,653 (2006 - £9,900). There were no outstanding contributions at the year-end date.

Notes to the financial statements

at 31 December 2007

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.