

Vincom Commodities Limited

REPORT AND FINANCIAL STATEMENTS

31 March 2011



Company Registration No 5060421

Vincom Commodities Limited

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Vincom Commodities Limited

DIRECTORS AND ADVISERS

DIRECTORS

Mr Anil Kumar

SECRETARY

Mr Anil Kumar

REGISTERED OFFICE

104 New Bond Street
London
W1S 1SU

COMPANY NUMBER

5060421

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

SOLICITORS

Davenport Lyons
30 Old Burlington Street
London
W1S3NL

BANKERS

Natwest Bank Plc
Holborn Circus Branch
P O Box No 204
No 1 Hatton Garden
London EC1P1DU

LENDERS

- 1 BNP Paribas
- 2 Banque de Commerce et de Placements
- 3 Credit Suisse AG
- 4 Israel Discount Bank

Vincom Commodities Limited

DIRECTOR'S REPORT

The director presents his annual report along with the financial statements for the year ended 31 March 2011

PRINCIPAL ACTIVITIES

The principal activity of the company is that of buying and selling of metals

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The turnover and purchases of metals including commission based turnover and purchases during the year amounted to £290,932,504 and £285,836,390 respectively

The director considers the results for the year and the state of affairs of the company to be satisfactory

The director considers that the company's main business risks are those uncertainties of market conditions and future forward contracts of commodities prices. The company is constantly renewing its financial risk policies to ensure all risk associated to it are minimized

The company's turnover has increased by 30% to £291 million from last year of £223 million, whilst the gross profit percentage decreased to 17.6% from 18%

Operating profit was £1,354,313 (2010 £1,330,608) and profit before tax was £62,471 (2010 £44,767) which has enabled the company's net assets to increase to £7,866,481 including further capital introduced of £2.5 million

As for many businesses of this size, the business environment in which the company operates continues to be challenging. The overseas export markets are highly competitive and margins continue to be tight in particular under the current difficult economic climate. However, the company's director believes that the company has sufficient strength to be able to continue successfully in the future

RESULT AND DIVIDENDS

The profit for the year, after taxation, amounted to £44,713 (2010 £34,482). The director does not recommend the payment of a dividend (2010 £Nil)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company incurs foreign exchange exposure by virtue of its business trading, but these exposures are eliminated by the company's pricing policy

The company enters into future contracts with both buyers and sellers often well in advance of actual performance. It therefore incurs gains or losses on future forward contracts particularly given the market prices of the commodities concerned may move considerably over the intervening period to performance. The company is aware of such exposure and has various systems to attempt to monitor and control it

DIRECTORS

The directors who served throughout the year were as follows

Mr Anil Kumar
Mr Mark Chapman (resigned 31 March 2011)

Vincom Commodities Limited

DIRECTOR'S REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

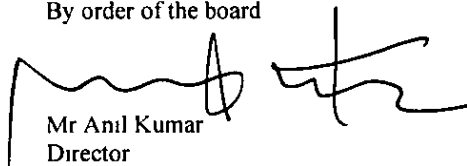
The director who was in office on the date of approval of these financial statements has confirmed that, as far as he is aware, there is no relevant audit information of which the auditor is unaware. The director has confirmed that he has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Shea & Co resigned as auditor during the year and Baker Tilly UK Audit LLP were appointed in their place.

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

By order of the board



Mr Anil Kumar
Director

14 September 2011

Vincom Commodities Limited

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the director must not approve the financial statements unless he is satisfied that they 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 director is required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. The director is 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 AUDITOR'S REPORT TO THE MEMBERS OF VINCOM COMMODITIES LIMITED

We have audited the financial statements on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 director and auditor

As more fully explained in the Director's Responsibilities Statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



PAUL NEWMAN (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

14 September 2011

Vincom Commodities Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2011

	<i>Notes</i>	2011 £	2010 £
TURNOVER	1	290,932,504	222,999,641
Cost of sales		(285,836,390)	(218,995,132)
GROSS PROFIT		5,096,114	4,004,509
Administrative expenses		(3,741,801)	(2,673,901)
Other operating costs	3	(1,186,966)	(1,120,966)
OPERATING PROFIT		167,347	209,642
Interest payable and similar charges	4	(104,876)	(164,875)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		62,471	44,767
Taxation	6	(17,758)	(10,285)
PROFIT FOR THE YEAR	11	44,713	34,482

The operating profit for the year arises from the company's continuing operations

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

Vincom Commodities Limited

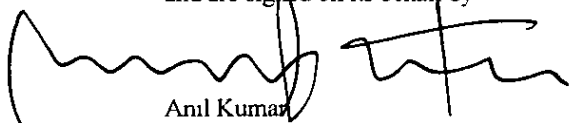
BALANCE SHEET

31 March 2011

Company Number 5060421

	Notes	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	7		120		4,321
CURRENT ASSETS					
Debtors	8	9,157,069		16,353,448	
Cash at bank and in hand		394,546		872,778	
		<u>9,551,615</u>		<u>17,226,226</u>	
CREDITORS Amounts falling due within one year	9	(1,685,254)		(11,908,779)	
NET CURRENT ASSETS			<u>7,866,361</u>		<u>5,317,447</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,866,481</u>		<u>5,321,768</u>
NET ASSETS			<u>7,866,481</u>		<u>5,321,768</u>
Represented by					
CAPITAL AND RESERVES					
Called up share capital	10		7,500,000		5,000,000
Profit and loss account	11		366,481		321,768
SHAREHOLDERS' FUNDS	12		<u>7,866,481</u>		<u>5,321,768</u>

The financial statements were approved by the board of directors and authorised for issue on 14 September 2011 and are signed on its behalf by


Anil Kumar
Director

Vincom Commodities Limited

CASH FLOW STATEMENT

for the year ended 31 March 2011

	<i>Notes</i>	2011 £	2010 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	<i>14a</i>	(1,145,523)	1,871,314
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<i>14b</i>	(104,876)	(164,875)
TAXATION		(11,289)	(6,076)
FINANCING ACTIVITIES	<i>14c</i>	2,500,000	-
INCREASE IN CASH IN THE YEAR	<i>14d</i>	<u>1,238,312</u>	<u>1,700,363</u>

Vincom Commodities Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

GOING CONCERN

The director has considered trading forecasts and cash flow requirements of the business for a period of 12 months from the date of approval of these financial statements and concluded that the company has sufficient funds to continue in operational existence. For this reason, the going concern basis is adopted in preparing these financial statements

TURNOVER

Turnover is recognised when the seller has transferred to the buyer all significant risks and rewards of ownership of the assets sold. Turnover excludes any applicable sales taxes and is recognised at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to Vincom and the revenues and costs can be reliably measured. In most instances sales revenue is recognised when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer's premises

FIXED ASSETS AND DEPRECIATION

All fixed assets are initially recorded at cost

Depreciation is provided so as to reduce fixed assets to their estimated residual value at the end of their anticipated economic lives at the following rate. Depreciation is provided for the full year for additions made during the year

Office equipment - 20% reducing balance

Leasehold improvements - over the period of the unexpired lease term

FOREIGN EXCHANGE

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the average rate prevailing during the year. All exchange differences are taken into account in arriving at operating profit

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

Vincom Commodities Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity Sales were made in the following geographical markets

	2011 £	2010 £
Asia	157,310,101	120,491,322
Far East	107,229,953	82,061,502
Eastern Europe	7,888,800	5,931,428
Middle East	18,503,650	14,515,389
	<u>290,932,504</u>	<u>222,999,641</u>

2 OPERATING PROFIT

The operating profit is stated after charging,
Depreciation of owned fixed assets
Net loss/(gain) on foreign currency
Auditor's remuneration

	2011 £	2010 £
Depreciation of owned fixed assets	4,201	4,209
Net loss/(gain) on foreign currency	296,092	(446,195)
Auditor's remuneration	17,500	8,000
	<u>296,092</u>	<u>(446,195)</u>

3 OTHER OPERATING COSTS

Costs of hedging future forward contracts on sales and purchases of commodities

	2011 £	2010 £
Costs of hedging future forward contracts on sales and purchases of commodities	1,186,966	1,120,966
	<u>1,186,966</u>	<u>1,120,966</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

On bank overdrafts
Other charges and commissions

	2011 £	2010 £
On bank overdrafts	-	114,954
Other charges and commissions	104,876	49,921
	<u>104,876</u>	<u>164,875</u>

Vincom Commodities Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

5	EMPLOYEES	2011 No	2010 No
	The average monthly number of persons (including directors) employed by the company during the year was		
	Administrative staff	3	3
		2011 £	2010 £
	Staff costs for above persons		
	Wages and salaries	39,250	35,342
	Social security costs	3,379	3,042
		42,629	38,384
	DIRECTORS' REMUNERATION		
	The directors' aggregate remuneration in respect of qualifying services were		
	Remuneration payable	12,500	12,000
6	TAXATION	2011 £	2010 £
	Current tax		
	UK corporation tax on profits of the period	16,754	10,285
	Adjustments in respect of previous periods	1,004	-
	Total tax	17,758	10,285
	Factors affecting tax charge for period	2011 £	2010 £
	The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28%) The differences are explained below		
	Profit on ordinary activities before tax	62,471	44,767
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2010 28%)	17,492	12,535
	Effects of		
	Depreciation in excess of capital allowances	1,176	1,179
	Marginal relief	(1,914)	(3,429)
	Adjustment in respect of previous periods	1,004	-
	Tax charge for period	17,758	10,285

Vincom Commodities Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

7 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Office equipment £	Total £
Cost			
At 1 April 2010 and 31 March 2011	12,515	250	12,765
Depreciation			
At 1 April 2010	8,344	100	8,444
Charged in the year	4,171	30	4,201
At 31 March 2011	12,515	130	12,645
Net book value			
At 31 March 2011	-	120	120
At 31 March 2010	4,171	150	4,321

8 DEBTORS

	2011 £	2010 £
Due within one year		
Trade debtors	9,106,398	16,274,087
Other debtors	37,293	65,983
Prepayments	13,378	13,378
	9,157,069	16,353,448

9 CREDITORS Amounts falling due within one year

	2011 £	2010 £
Bank overdraft	-	2,627,579
Trade financing facilities	911,035	-
Trade creditors	312,550	7,401,426
Amount due to parent undertaking	188,596	443,594
Corporation tax	16,754	10,285
Other creditors	228,137	1,404,895
Accruals	28,182	21,000
	1,685,254	11,908,779

Trade financing facilities disclosed above are secured by a fixed and floating charge over the related assets financed by the bank

Vincom Commodities Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

10	SHARE CAPITAL	2011 £	2010 £
	Allotted, issued and fully paid		
	7,500 ordinary shares of £1,000 each (2010 5,000 ordinary shares of £1,000 each)	7,500,000	5,000,000

2,500 ordinary shares of £1,000 each were issued at par on 25 November 2010

11	PROFIT AND LOSS ACCOUNT	2011 £	2010 £
	1 April 2010	321,768	287,286
	Profit for the financial year	44,713	34,482
	31 March 2011	366,481	321,768

12	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2011 £	2010 £
	Profit for the financial year	44,713	34,482
	Additional share capital issued	2,500,000	-
	Opening shareholders' funds	5,321,768	5,287,286
	Closing shareholders' funds	7,866,481	5,321,768

13 RELATED PARTY TRANSACTIONS

During the year and at the year end, there were transactions with and amounts due to the parent company, Verus Crown Trent Limited and other companies in which the director, Mr A Kumar, had an interest as follows

	Balance at 01/04/10 £	Net funds received in year £	Net funds repaid in year £	Balance at 31/03/11 £
Verus Crown Trent Limited	(232,531)	6,405	37,530	(188,596)
Vogue Limited	(211,063)	(433,088)	644,151	-
Rankon Limited	5,000	(5,000)	-	-
Ransat Ceramics Limited	55,972	184,733	240,745	-
Vincom Special Metals Limited	-	(2,575)	2,575	-

Vincom Commodities Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

14	CASH FLOWS	2011 £	2010 £	
a	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities			
	Operating profit	167,347	209,642	
	Depreciation	4,201	4,209	
	Decrease/(increase)/ in debtors	7,196,379	(2,403,974)	
	(Decrease)/increase in creditors	(8,513,450)	4,061,437	
	Net cash (outflow)/inflow from operating activities	(1,145,523)	1,871,314	
		2011 £	2010 £	
b	Analysis of cash flows for headings netted in the cash flow			
	Returns on investments and servicing of finance			
	Other charges and commissions	(104,876)	(166,875)	
		2011 £	2010 £	
c	Financing			
	Issue of ordinary share capital	(2,500,000)	-	
		At 1 April 2010 £	Cash flow 2011 £	
d	Analysis of net debt		At 31 March 2011 £	
	Cash in hand, at bank	872,778	(478,232)	394,546
	Overdrafts	(2,627,579)	2,627,579	-
	Trade financing	-	(911,035)	(911,035)
	Total	(1,754,801)	1,238,312	(516,489)
e	Reconciliation of net cash flow to movement in net debt	2011 £	2010 £	
	Increase in cash in the period	1,238,312	1,700,363	
	Movement in net cash in the period	1,238,312	1,700,363	
	Net debt at 1 April 2010	(1,754,801)	(3,455,164)	
	Net debt at 31 March 2011	(516,489)	(1,754,801)	

Vincom Commodities Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

15 FUTURE COMMITMENTS

As part of Vincom's ordinary sourcing and procurement of physical commodities, the selling party may request that a financial institution act as the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit. As at 31 March 2011, £4.85m (2010: £1.27m) of such commitments had been issued on behalf of Vincom, which will generally be settled simultaneously with the payment for such commodity.

16 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company is Verus Crown Trent Limited, a company registered in Jersey.

The ultimate controlling party is Mr Anil Kumar.