

**METALRAX HOUSEWARES LIMITED**

**(Formerly MRX HOUSEWARES LIMITED)**

Annual report and financial statements  
For the year ended 31 December 2009

Registered number 347046

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# METALRAX HOUSEWARES LIMITED

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# METALRAX HOUSEWARES LIMITED

## Director's report (continued)

For the year ended 31 December 2009

### Directors

A J Richardson

M J Stock (resigned 31 October 2009)

G H Gresham (resigned 30 April 2010)

N Longley (appointed 6 August 2010)

M J B Smith (appointed 9 August 2010)

C Green (appointed 9 August 2010)

I Flavell (appointed 9 August 2010)

### Secretary

M J Stock (resigned 31 October 2009)

N Longley (appointed 31 October 2009)

### Registered Office

Ardath Road  
Kings Norton  
Birmingham  
B38 9PN

### Bankers

HSBC plc  
8 Canada Square  
Canary Wharf  
London  
E14 5HQ

The Royal Bank of Scotland plc  
2 St Phillips Place  
Birmingham  
West Midlands  
B3 2RB

### Auditors

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Four Brindleyplace  
Birmingham  
B1 2HZ

# METALRAX HOUSEWARES LIMITED

## Director's report (continued)

For the year ended 31 December 2009

The director presents his annual report on the affairs of the company, together with the financial statements and independent auditors' report, for the year ended 31 December 2009

### Principal activities

The principal activity of the company is to produce and market bakeware, together with associated ranges of kitchen tools to both retail and commercial markets in the UK and internationally

### Business review

Revenues from continuing activities fell 12% to £21.8m (2008: £24.8m)

Operating loss before exceptional items was £429,000 (2008: profit of £962,000). Operating loss after exceptional items was £833,000 (2008: £17,000) with poor economic conditions and lower exceptional items in the year than the previous year.

The Company is the market leader in bakeware and microwave cookware sold in the UK. The Company's major brands are Mermaid, Long Life, Progress, RTA and Microwise.

This company now comprises two businesses following the 2008 consolidation of RTA Wineracks and our China operations into GW International.

GW International manufactures and supplies bakeware, kitchen tools and gadgets, wine-racks and bathroom furniture into the retail markets. The business had a very difficult year with some key account losses (including businesses such as Woolworths), increased margin pressure from retailers pushing low cost promotions and increased competition from low cost overseas imports. On a positive note, our factory automation programme continued, we delivered our first orders into North America to Michaels, the leading specialty and hobby store, and we refocused the business on higher margin products. Since the year end, we have changed the senior management team and the business is re-energised and focused to deliver growth in 2010.

Samuel Groves spent the early part of 2009 bedding down in its new premises and focusing on increasing customer service levels. The business which supplies both the catering and retail markets had a disappointing year in terms of sales and profit. Since the year end, the senior management has been changed and management with proven turnaround skills have been appointed.

The company changed its name to Metalrax Housewares Limited on 9 March 2010.

### Key performance indicators

	2009	2008
Operating Margin before exceptional items	(2.0)%	3.9%
Return on net operating assets (pre exceptional items)	(4.8)%	8.7%

# METALRAX HOUSEWARES LIMITED

## Director's report (continued)

For the year ended 31 December 2009

### **Principal risks and uncertainties**

There are a number of risks and uncertainties that could have a material impact on the company's future performance

#### **Financial risk**

As part of its ordinary activities, the company is exposed to a number of financial risks, including liquidity risks and credit risk. The company has policies and procedures on how each of these risks will be monitored and managed

#### *Cash flow risk*

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company holds foreign currency in currency denominated accounts for normal trading purposes. The company does not hedge its exposure to movements in foreign currency exchange rates

#### *Credit risk*

The company's principal financial assets are bank balances and cash, trade and other receivables

The company's credit risk is primarily attributable to its trade receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

#### **Competitive markets**

The company operates in highly competitive markets. It needs to respond effectively to the demands of its customers and the activities of its competitors. In doing this the company needs to maintain a competitive cost base due to price competition, particularly from China and the Far East

Uncertainty surrounding the performance of the UK economy could also affect the company's customer's retail sales during 2010

#### **Raw material prices**

The company's principal raw material is steel which is purchased in numerous forms and sizes. Market conditions may force steel prices higher. Whether or not such input price increases can be recovered could adversely impact on the company's results at any point in time

# METALRAX HOUSEWARES LIMITED

## Director's report (continued)

For the year ended 31 December 2009

### Going concern

The Company is reliant on short-term debt finance provided by its parent undertaking, as disclosed in note 12 to the financial statements. Following the completion of refinancing of its bank borrowings on 9 October 2009, the ultimate parent company has provided the director with confirmation that it will continue to provide the Company with financial support for a period of at least 12 months from the date of approval of the financial statements.

Having received such confirmation, and after reviewing the Company's budget and projected cash flows the director has a reasonable expectation that the Company has adequate resources to meet its obligations and continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the annual report and accounts.

### Dividends

The director does not recommend the payment of a final dividend (2008 £nil)

### Directors

The directors, who served throughout the year except as noted, were as follows

G H Gresham	(resigned 30 April 2010)
AJ Richardson	
MJ Stock	(resigned 31 October 2009)
N Longley	(appointed 6 August 2010)
M J B Smith	(appointed 9 August 2010)
C Green	(appointed 9 August 2010)
I Flavell	(appointed 9 August 2010)

None of the directors hold shares in the company. The directors' interests in the parent company held by AJ Richardson and MJ Stock are disclosed in the Metalrax Group PLC accounts.

### Supplier payment policy

While not following any recognised code or standard, the policy on payment of all creditors is to abide by the terms of payment agreed with relevant suppliers. At 31 December 2009 the trade creditors represented 66 days (2008 102 days) in relation to the average amounts invoiced by suppliers.

### Fixed assets

A formal valuation exercise was carried out as at 31 December 2009 on all property which led to a decrease in the carrying value of £551,000. Full details of this valuation are contained in note 9.

### Disabled employees

The company complies with its obligations under the Disability Discrimination Act. Whenever suitable vacancies arise and appropriate qualified applicants are available, disabled people are readily employed and provided with appropriate training and support. In the event of a member of staff becoming disabled, every effort is made to continue their employment, with relevant retraining as necessary. All planning and property modifications give consideration to disabled personnel as appropriate. Working environments will be adapted as required to accommodate disabled personnel.

# METALRAX HOUSEWARES LIMITED

## Director's report (continued)

For the year ended 31 December 2009

### Employees

Our employees are vital to the success of our business

The company carries out induction training to address all general employment and policy issues. The degree of detail varies to reflect the nature of the individual operational activity. These are presented in the form of employment handbooks. Metalrax Group, the group to which this company belongs, has published a code of conduct for labour practices.

The company believes in equal opportunities and non-discrimination.

We aim to treat people fairly. We welcome job applications from all sections of the community and encourage our employees to improve themselves. Existing employees are considered for senior positions before those positions are advertised externally.

The company recognises the crucial role training plays in developing the knowledge and skills of employees. Training policies and procedures are generally incorporated within individual quality management systems and the company also forms strong links with local colleges and training providers.

### Statement of directors' responsibilities

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). Under company law the directors must not approve the financial statements unless they are 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- 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 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 them to ensure that the financial statements comply with the Companies Act 2006. 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.

# METALRAX HOUSEWARES LIMITED

## Director's report (continued)

For the year ended 31 December 2009

### Director's statement as to disclosure of information to auditors

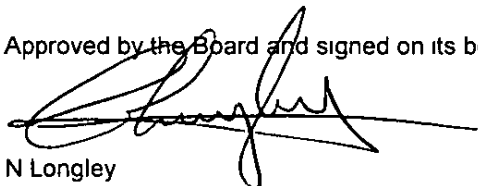
Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'N Longley', written over a horizontal line.

N Longley

Company Secretary

17 September 2010



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METALRAX HOUSEWARES LIMITED (FORMERLY MRX HOUSEWARES LIMITED)**

We have audited the financial statements of Metalrax Housewares Limited (formerly MRX Housewares Limited) for the year ended 31 December 2009 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. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are 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 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **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 December 2009 and of its loss 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 Directors' 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.



Peter Gallimore FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
23 September 2010

# METALRAX HOUSEWARES LIMITED

## Profit and loss account

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Turnover	2	21,793	24,792
Cost of sales		(16,846)	(18,611)
<b>Gross profit</b>		<b>4,947</b>	<b>6,181</b>
Administrative expenses		(3,048)	(3,693)
Distribution expenses		(2,732)	(2,505)
<b>Operating (loss)/profit before exceptional items</b>		<b>(429)</b>	<b>962</b>
Exceptional items - administrative	3	(404)	(979)
<b>Operating loss</b>	4	<b>(833)</b>	<b>(17)</b>
Tax on loss on ordinary activities	7	-	18
<b>(Loss)/profit for the financial year</b>	14	<b>(833)</b>	<b>1</b>

The results above are derived from continued operations

## Statement of total recognised gains and losses

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
(Loss)/profit for the financial year	14	(833)	1
Devaluation of properties	8	(551)	(1,074)
<b>Total recognised loss for the year</b>		<b>(1,384)</b>	<b>(1,073)</b>
<b>Attributable to:</b>			
<b>Equity holders of the company</b>	15	<b>(1,384)</b>	<b>(1,073)</b>

# METALRAX HOUSEWARES LIMITED

## Balance Sheet

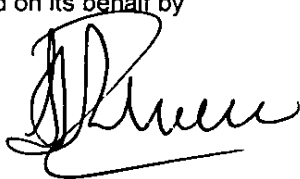
31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Tangible assets	8	5,074	6,264
		<u>5,074</u>	<u>6,264</u>
<b>Current assets</b>			
Stocks	9	3,100	4,629
Debtors – due within one year	10	5,002	4,415
Cash at bank and in hand		3	586
		<u>8,105</u>	<u>9,630</u>
<b>Creditors. Amounts falling due within one year</b>	11	(11,006)	(12,337)
<b>Net current liabilities</b>		<u>(2,901)</u>	<u>(2,707)</u>
<b>Total assets less current liabilities</b>		2,173	3,557
<b>Provisions for liabilities and charges</b>	12	(43)	(43)
<b>Net assets</b>		<u>2,130</u>	<u>3,514</u>
<b>Capital and reserves</b>			
Called-up share capital	13	183	183
Revaluation reserve	14	1,340	1,891
Profit and loss account	14	607	1,440
<b>Total shareholders' funds</b>	15	<u>2,130</u>	<u>3,514</u>

The financial statements were approved by the board of directors and authorised for issue on 17 September 2010

They were signed on its behalf by

A J Richardson  
Director



Registered number 347046

# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements

31 December 2009

### 1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

#### Basis of accounting

The financial statements have been prepared under historical cost convention, modified to include the revaluation of properties, and in accordance with applicable United Kingdom accounting standards. These accounts have been prepared on a going concern basis, which is discussed in the Directors' report on page 4.

#### Cash flow statement

Under the provisions of Financial Reporting Standard 1 "Cash Flow statements", the company has not prepared a cash flow statement because its immediate parent company, which holds more than 90% of the company's share capital, has prepared consolidated accounts. These consolidated accounts include the accounts of the company for the year ended 31 December 2009 and contain a cash flow statement and are publicly available.

#### Tangible fixed assets

Tangible fixed assets are stated at cost or valuation net of depreciation and any provision for impairment losses. Revaluations are performed with sufficient regularity that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the profit and loss account to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation on that asset.

Depreciation on revalued buildings is charged to the profit and loss account. On a subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained reverse.

# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements (continued)

31 December 2009

### Tangible fixed assets (continued)

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Freehold buildings	50 years straight line
Plant and machinery	10-20% per annum on cost

Residual value is calculated on prices prevailing at the date of acquisition

### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

### Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements (continued)

31 December 2009

### Revenue recognition

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Sales of goods are recognised when goods are delivered and title has passed.

### Pension costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

The company also has some employees who are members of the Metalrax Group PLC Pension and Life Assurance Plan, a defined benefit scheme. The contributions are payable to the company's parent company, Metalrax Group PLC, and are based on the pensionable salaries of the members of the plan and the on-going cost as calculated by the actuary of the plan. The contributions are charged as an expense as they fall due.

### Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

### Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements (continued)

31 December 2009

### Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis in profit or loss account using the effective interest method.

### Related Parties

The company has taken advantage of the exemption under Financial Reporting Standard No. 8 from disclosing transactions with related parties within the group as it is a wholly owned subsidiary of Metalrax Group PLC. The consolidated financial statements of Metalrax Group PLC, which include the results of this company, are publicly available at, Metalrax Group PLC, Ardath Road, Kings Norton, Birmingham B38 9PN.

### 2 Turnover

The turnover and (loss)/profit before tax are attributable to the one principal activity of the company, which is to produce and market bakeware, together with associated ranges of kitchen tools, to both retail and commercial markets in the UK and internationally.

An analysis of turnover by geographic market destination is given below:

	2009 £'000	2008 £'000
United Kingdom	19,335	21,138
Rest of Europe	1,454	2,798
North America	622	686
Rest of the World	382	170
	<u>21,793</u>	<u>24,792</u>

### 3 Exceptional items

	2009 £'000	2008 £'000
Reorganisation and restructuring costs	404	924
Stock write-down	-	55
<b>Total administrative exceptional items</b>	<u>404</u>	<u>979</u>

The reorganisation and restructuring costs in the year were incurred at Samuel Groves due to a relocation of the business to a new location in Oldbury. These include redundancy costs as the workforce was reduced to a level appropriate for the business.

The exceptional items decrease the current year's tax charge by £nil (2008: £nil).

# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements (continued)

31 December 2009

### 4 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging

	2009 £'000	2008 £'000
Exceptional items (note 3)	404	979
Depreciation of tangible fixed assets		
- owned	468	574
Hire of plant	81	72
Operating lease rentals		
- plant and machinery	-	5
- other	133	66
Auditors' remuneration (see below)	30	32

The analysis of the auditors' remuneration is as follows

	2009 £'000	2008 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	20	22
Non audit fees – tax services	10	10
	30	32

### 5 Staff costs

The average monthly number of employees (including executive directors) was

	2009 Number	2008 Number
Monthly	48	58
Weekly	114	164
	162	222

	2009 £'000	2008 £'000
Their aggregate remuneration comprised		
Wages and salaries	3,707	4,552
Social security costs	323	410
Other pension costs (see note 17)	149	125
	4,179	5,087



# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements (continued)

31 December 2009

### 6 Directors' remuneration and transactions

	2009 £'000	2008 £'000
<b>Directors' remuneration</b>		
Emoluments	<u>112</u>	<u>112</u>
	Number	Number
<b>The number of directors who:</b>		
Are members of a defined benefit pension scheme	1	1
Are members of a money purchase pension scheme	<u>2</u>	<u>2</u>

Directors emoluments in respect of MJ Stock, AJ Richardson were borne by Metalrax Group PLC and are disclosed in the parent company's published group accounts. The emoluments of G H Gresham were borne by Metalrax Group PLC and are recharged to the company as part of the annual management charge from the parent company.

# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements (continued)

31 December 2009

### 7 Tax on (loss)/profit on ordinary activities

	2009 £'000	2008 £'000
The tax (credit)/charge comprises		
<b>Current tax</b>		
UK corporation tax	-	-
Prior year tax adjustment	-	-
	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(18)
<b>Total deferred tax (see note 12)</b>	-	(18)
<b>Total tax on loss on ordinary activities</b>	-	(18)

The reconciliation between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	2009 £'000	2008 £'000
<b>Loss on ordinary activities before tax</b>	<b>(833)</b>	<b>(17)</b>
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2008 - 28%)	(233)	(5)
Effects of		
Disallowable items	3	157
Depreciation in excess of capital allowances	269	18
UK UK transfer pricing adjustment	(184)	(184)
Group relief	112	-
Losses carried forward	33	14
<b>Current tax credit for the year</b>	<b>-</b>	<b>-</b>

The company earns its profits primarily in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 28% (2008 - 28%). The Corporation Tax rate for 2009/10 tax year will be 28% and as per the Finance Bill the rate was amended on 21 June 2010 and will be 27% with effect from April 2011.

The company's planned level of capital investment is expected to remain at similar levels. Therefore, it expects to be able to claim capital allowances in excess of depreciation in future years, at a similar level to the current year.

# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements (continued)

31 December 2009

### 8 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2009	4,150	3,036	7,186
Additions	20	438	458
Disposals	(600)	(36)	(636)
Revaluation decrease	(595)	-	(595)
At 31 December 2009	<u>2,975</u>	<u>3,438</u>	<u>6,413</u>
<b>Depreciation</b>			
At 1 January 2009	-	922	922
Charge for the year	44	424	468
Disposals	-	(7)	(7)
Impairment	-	-	-
Eliminated on revaluation	(44)	-	(44)
At 31 December 2009	<u>-</u>	<u>1,339</u>	<u>1,339</u>
<b>Net book value</b>			
At 31 December 2009	<u>2,975</u>	<u>2,099</u>	<u>5,074</u>
At 31 December 2008	<u>4,150</u>	<u>2,114</u>	<u>6,264</u>

### Freehold land and buildings

The gross book value of freehold land and buildings includes £2,302,000 (2008 £3,110,000) of depreciable assets

Freehold and long leasehold properties were revalued at 31 December 2009 by AtisReal Limited, independent valuers not connected with the company, on the basis of market value. The valuation conforms to UKGAAP valuation standards and was based on recent market transactions on arm's length terms for similar properties. Details of the revaluation surplus are contained in note 14.

At 31 December 2009, had the freehold and long leasehold properties been carried at historical cost less accumulated depreciation, their carrying value would have been approximately £2,231,000 (2008 £2,275,000).

# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements (continued)

31 December 2009

### 9 Stocks

	2009 £'000	2008 £'000
Raw materials and consumables	817	725
Work in progress	255	277
Finished goods and goods for resale	2,028	3,627
	<u>3,100</u>	<u>4,629</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

### 10 Debtors

	2009 £'000	2008 £'000
Trade debtors	4,747	3,978
Prepayments and accrued income	255	437
	<u>5,002</u>	<u>4,415</u>

### 11 Creditors: Amounts falling due within one year

	2009 £'000	2008 £'000
Bank overdraft	627	-
Trade creditors	1,971	2,346
Amounts owed to group undertakings	6,752	8,144
Other taxation and social security	519	324
Other creditors	43	53
Accruals and deferred income	1,094	1,470
	<u>11,006</u>	<u>12,337</u>

# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements (continued)

31 December 2009

### 12 Provisions for liabilities

	Deferred Taxation £'000
At 1 January 2009	43
Transfer to profit and loss account	-
At 31 December 2009	<u>43</u>

Deferred tax is provided at 28% (2008 – 28%) as follows

Losses carried forward	-
Accelerated capital allowances	<u>43</u>
Deferred tax liability	<u>43</u>

Deferred tax not recognised in respect of trading losses, but available in future periods, total £362,000 at 31 December 2009 (2008 £292,000) The unrecognised deferred tax asset in respect of capital allowances is £124,000 (2008 £5,000)

### 13 Share capital

	2009 £'000	2008 £'000
<i>Authorised</i>		
185,000 ordinary shares of £1 each	<u>185</u>	<u>185</u>
<i>Allotted, called-up and fully-paid</i>		
182,800 ordinary shares of £1 each	<u>183</u>	<u>183</u>

# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements (continued)

31 December 2009

### 14 Reserves

	Revaluation Reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2009	1,891	1,440	3,331
Revaluation of properties	(551)	-	(551)
Loss for the financial year	-	(833)	(833)
At 31 December 2009	<u>1,340</u>	<u>607</u>	<u>1,947</u>

### 15 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Total recognised loss for the year	(1,384)	(1,073)
Opening shareholders' funds	<u>3,514</u>	<u>4,587</u>
Closing shareholders' funds	<u>2,130</u>	<u>3,514</u>

### 16 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- within one year	-	5	-	5
- between two and five years	-	181	-	181
- greater than 5 years	<u>66</u>	<u>-</u>	<u>66</u>	<u>-</u>
	<u>66</u>	<u>186</u>	<u>66</u>	<u>186</u>

# METALRAX HOUSEWARES LIMITED

## Notes to the financial statements (continued)

31 December 2009

### 17 Pension arrangements

#### *Defined contribution pension scheme*

The company contributes to defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the schemes and amounted to £17,000 (2008, £37,000).

#### *Defined benefit pension schemes*

The company operates the Samuel Groves & Co Limited Pension and Life Assurance Scheme ("the scheme") providing benefits based on final pensionable pay. The scheme was transferred into the company as part of the trade and assets of Samuel Groves & Co Limited on 1 January 2007. Information relating to the scheme prior to the transfer has been disclosed. During 2007 the assets and liabilities of the scheme were transferred into the Metalrax Group PLC Pension and Life Assurance Plan, and the remainder of the scheme was wound up.

The company is now a member of the Metalrax Group PLC Pension and Life Assurance Plan ("the plan"), which is a defined benefit scheme, funded through an insurance company, providing benefits based on final pensionable pay. Particulars of the most recent actuarial valuation of the scheme are disclosed in the accounts of Metalrax Group PLC. As the company is one of a number of participating employers in the plan, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and therefore contributions are expensed in the profit and loss account as they become payable. Pension costs in respect of this plan resulted in a charge of £132,000 (2008 - £88,000).

The latest full actuarial valuation was carried out at 1 January 2008 and was updated for financial reporting purposes to 31 December 2009, by a qualified independent actuary. The deficit in the scheme as at 31 December 2009 amounted to £4.6 million (2008, £3.0 million). Further details are contained in the consolidated financial statements of Metalrax Group PLC.

### 18 Contingent liabilities

The company has given an unlimited guarantee, including the right to set off bank balances, in respect of the borrowings of certain other group companies. Under the terms of the group banking arrangements the company's liability at 31 December 2009 amounted to £14,714,193 (2008 £12,493,000).

### 19 Ultimate parent company

The company was controlled throughout the current and previous year by its ultimate and immediate parent undertaking, Metalrax Group PLC. The shareholdings of the ultimate parent company are such that no controlling party has been identified. A copy of the group consolidated accounts is publicly available at Metalrax Group PLC, Ardath Road, Kings Norton, Birmingham B38 9PN.