

Samuel Groves & Co Limited

Annual report and financial statements
For the year ended 31 December 2006

Registered number 149246

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Samuel Groves & Co Limited

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Samuel Groves & Co Limited

Officers and Advisers

For the year ended 31 December 2006

Directors

R E Arbuthnot

G H Gresham

S A Dodd

L Downs (appointed 1 April 2007)

R J Brain (deceased 6 November 2006)

Secretary

D J Farrimond

Registered Office

c/o Metalrax Group PLC
Ardath Road
Kings Norton
Birmingham
B38 9PN

Bankers

HSBC Bank plc
130 New Street
Birmingham
B2 4JU

Auditors

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

Samuel Groves & Co Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2006

The director's report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

Principal activities and Business Review

With effect from 1 January 2006 the trade, assets and liabilities of the company were transferred to MRX Housewares Limited, a fellow subsidiary of Metalrax Group PLC, at their relevant net book values. The company did not trade during the year and made no profit or loss. Accordingly, the directors have prepared the financial statements on the basis that the company is no longer a going concern. Full details of significant matters relating to the basis of preparation of the financial statements are included in note 1.

The directors do not expect that the company will resume trading in the foreseeable future.

There were no significant events since the balance sheet date.

Dividends

The directors do not recommend the payment of a dividend (2005: £nil).

Directors and their interests

The directors, who served throughout the year except as noted, are as shown on page 1.

None of the directors held any beneficial interest in the shares of the company at any time during the year.

Fixed assets

The fixed assets were transferred at their net book value at 1 January 2006.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Samuel Groves & Co Limited

Directors' report (continued)

Directors' 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/she ought to have taken as a director in order to make himself/herself 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 s234ZA of the Companies Act 1985

Auditors

During the year Deloitte & Touche LLP were appointed auditors in place of Bentley Jennison. Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board and signed on its behalf by

 , 26th October 2007

D J Farrimond
Company Secretary

Samuel Groves & Co Limited

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAMUEL GROVES & CO LIMITED

We have audited the financial statements of Samuel Groves & Co Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 20. 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 financial statements in accordance with applicable law and United Kingdom 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 or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 circumstances of the company, 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.

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 result 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.

Emphasis of matter – going concern

In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham, UK

29 October 2007

Samuel Groves & Co Limited

Profit and loss account

For the year ended 31 December 2006

	Notes	2006 £	2005 £
Turnover		-	6,190,773
Cost of sales		-	(4,813,235)
Gross profit		-	1,377,538
Distribution Costs		-	(649,536)
Administrative expenses		-	(609,351)
Other operating income	2	-	999
Operating profit	3	-	119,650
Interest receivable and similar income		-	140,000
Interest payable and similar charges	6	-	(140,000)
Profit on ordinary activities before taxation		-	119,650
Tax on profit on ordinary activities	7	-	(37,034)
Profit on ordinary activities after taxation and for the year	16	-	82,616

The results above are derived from discontinued operations

There are no recognised gains or losses in either year other than the profit in 2005

Samuel Groves & Co Limited

Balance Sheet

As at 31 December 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	8	-	1,382,259
Current assets			
Stocks	9	-	1,406,227
Debtors	10	2,077,503	1,174,140
Cash		-	383,735
		<u>2,077,503</u>	<u>2,964,102</u>
Creditors: Amounts falling due within one year	11	-	(1,993,858)
Net current assets		<u>2,077,503</u>	<u>970,244</u>
Total assets less current liabilities		2,077,503	2,352,503
Deferred tax	13	-	(75,000)
Net assets excluding pension liabilities		2,077,503	2,277,503
Pension liabilities		-	(200,000)
Net assets including pension liabilities		<u>2,077,503</u>	<u>2,077,503</u>
Capital and reserves			
Called-up share capital	14	971,484	971,484
Profit and loss account	15	1,106,019	1,106,019
Shareholders' funds	16	<u>2,077,503</u>	<u>2,077,503</u>
Equity shareholders' funds	17	870,240	870,240
Non-equity shareholders' funds	17	1,207,263	1,207,263
Shareholders' funds	16	<u>2,077,503</u>	<u>2,077,503</u>

The financial statements were approved by the board of directors and authorised for issue on 26th October 2007
 They were signed on its behalf by



G H Gresham
Director

Samuel Groves & Co Limited

Notes to the financial statements

31 December 2006

1 Accounting Policies

Historical cost convention

The financial statements are prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards

Basis of preparation – going concern

As explained in the directors' report, the company transferred its trade, assets and liabilities to a fellow subsidiary company on 1 January 2006 and has ceased trading. As required by FRS 18 "Accounting Policies", the directors have prepared the financial statements on the basis that the company is no longer a going concern

No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to fellow subsidiary at their net book value

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 2006 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. Depreciation is provided on all tangible fixed assets, other than investment properties and 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
Long leasehold land and buildings	50 years straight line
Short leasehold land and buildings	over the period of the lease
Plant and machinery	10-20% per annum on cost

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

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

Samuel Groves & Co Limited

Notes to the financial statements

31 December 2006

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign 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 recognized 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 company'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 recognized in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognized 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 recognized 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 recognized in the financial statements. Neither is deferred tax recognized 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

Turnover

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

Pension costs

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

The company also had some employees as members of the Metalrax Group PLC Pension and Life Assurance Plan, a defined benefit scheme. The contributions were being made to the company's parent company, Metalrax Group PLC, and were 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 were charged as an expense as they fall due

Samuel Groves & Co Limited

Notes to the financial statements

31 December 2006

1. Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

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 Other operating income

	2006	2005
	£	£
Other income	-	999

3 Operating profit

Operating profit is stated after charging

	2006	2005
	£	£
Depreciation of tangible fixed assets	-	276,850
Property rentals	-	22,500

In the current year, auditors' remuneration was borne by another company. The fees payable to the company's auditors for the audit of the company's accounts amounted to £200 (2005, £8,400). There were no non-audit fees in the current or prior year.

Samuel Groves & Co Limited

Notes to the financial statements

31 December 2006

4 Staff costs

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

	2006 Number	2005 Number
Monthly	5	24
Weekly	-	91
	<u>5</u>	<u>115</u>

	£	£
Their aggregate remuneration comprised		
Wages and salaries	-	1,891,220
Social security costs	-	171,010
Other pension costs (see note 19)	-	63,132
	<u>-</u>	<u>2,125,362</u>

The directors did not receive any emoluments in respect of their services to the company. The remuneration for the services of certain directors is borne by other group undertakings. No part of their remuneration can be specifically attributed to their services to the company.

5 Directors' remuneration

The directors' emoluments for the year are as follows

	2006 £	2005 £
Directors' emoluments (including benefits in kind)	-	98,898
	<u>-</u>	<u>98,898</u>

None of the directors were part of any pension arrangements (2005 nil)

Samuel Groves & Co Limited

Notes to the financial statements

31 December 2006

6 Interest payable and similar charges

	2006 £	2005 £
Pension scheme finance costs	-	140,000

7 Taxation

Analysis of the current period tax charge

	2006 £	2005 £
Current tax		
Corporation tax charge	-	50,000
Under provision in previous year	-	34
UK Corporation tax	-	50,034
Deferred tax		
Origination and reversal of timing differences	-	(13,000)
Total tax on profit on ordinary activities	-	37,034

Factors affecting current period tax charge

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

	2006 £	2005 £
Profit on ordinary activities before tax	-	119,650
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2005 - 30%)	-	35,895
Effects of		
Depreciation in excess of capital allowances	-	13,783
Adjustments re prior periods	-	34
Expenses not deductible for tax purposes	-	322
Total current tax charge for period	-	50,034

Samuel Groves & Co Limited
Notes to the financial statements
31 December 2006

8 Tangible fixed assets

	Land and buildings £	Plant and vehicles £	Total £
Cost			
At 1 January 2006	1,243,347	4,135,354	5,378,701
Transfers to fellow subsidiary	(1,243,347)	(4,135,354)	(5,378,701)
At 31 December 2006	-	-	-
Depreciation			
At 1 January 2006	690,325	3,306,117	3,996,442
Transfers to fellow subsidiary	(690,325)	(3,306,117)	(3,996,442)
At 31 December 2006	-	-	-
Net book value			
At 31 December 2006	-	-	-
At 31 December 2005	553,022	829,237	1,382,259

Freehold Land and Buildings

The gross book value of freehold land and buildings includes £nil (2005 - £1,099,444) of depreciable assets

9 Stocks

	2006 £	2005 £
Raw materials and consumables	-	391,517
Work in progress	-	56,654
Finished goods and goods for resale	-	958,056
	-	1,406,227

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

Samuel Groves & Co Limited

Notes to the financial statements

31 December 2006

10 Debtors. Amounts falling due within one year

	2006 £	2005 £
Trade debtors	-	1,056,254
Amounts owed by group undertakings	2,077,503	-
Deferred tax	-	60,000
Prepayments and accrued income	-	57,886
	<u>2,077,503</u>	<u>1,174,140</u>

11 Creditors. Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	-	221,507
Trade creditors	-	497,416
Amounts owed to group undertakings	-	867,082
Corporation tax	-	50,000
Other taxation and social security	-	251,571
Accruals and deferred income	-	106,282
	<u>-</u>	<u>1,993,858</u>

12 Maturity of borrowings

	Bank loans & overdrafts £
Amounts repayable	
As at 31 December 2006	<u>-</u>
As at 31 December 2005	
In one year or less or on demand	<u>221,507</u>

13 Deferred tax

Deferred tax is provided at 30% (2005 - 30%) as follows

	Deferred tax provision £
As at 1 January 2006	75,000
Transfers to fellow subsidiary	(75,000)
As at 31 December 2006	<u>-</u>
	2006 £
Accelerated capital allowances	<u>-</u>
	2005 £
	<u>75,000</u>

Samuel Groves & Co Limited

Notes to the financial statements

31 December 2006

14 Share capital

	2006 £	2005 £
<i>Authorised</i>		
1,012,440 ordinary shares of 10 pence each	101,244	101,244
870,240 ordinary shares of £1 each	870,240	870,240
	<u>971,484</u>	<u>971,484</u>
<i>Allotted, called-up and fully-paid</i>		
1,012,440 ordinary shares of 10 pence each	101,244	101,244
870,240 ordinary shares of £1 each	870,240	870,240
	<u>971,484</u>	<u>971,484</u>

The 10 pence ordinary shares each carry one vote and the right to an unlimited dividend declared by the company
The £1 deferred ordinary shares carry no voting rights and no right to participate in any dividend declared by the company

In the event of a return or reduction of capital, the deferred shareholders have the right to the amount paid up on those shares, after the holders of the ordinary shares have received the sum of £10 per share. The ordinary shareholders have the right to any further surplus assets

15 Profit and loss account

	£
Balance as at 1 January 2006 and 31 December 2006	<u>1,106,019</u>

16 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	-	82,616
Opening shareholders' funds	<u>2,077,503</u>	<u>1,994,887</u>
Closing shareholders' funds	<u>2,077,503</u>	<u>2,077,503</u>
Equity shareholders' funds	1,207,263	1,207,263
Non-equity shareholders' funds	870,240	870,240
Closing shareholders' funds	<u>2,077,503</u>	<u>2,077,503</u>

Samuel Groves & Co Limited
Notes to the financial statements
31 December 2006

17 Analysis of shareholders' funds

	2006 £	2005 £
Non-equity		
Deferred share capital	870,240	870,240
	<u>870,240</u>	<u>870,240</u>
Equity	1,207,263	1,207,263
	<u>1,207,263</u>	<u>1,207,263</u>
Shareholders' funds	<u>2,077,503</u>	<u>2,077,503</u>

18 Operating lease commitments

As at 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	Land and Buildings	
	2006 £	2005 £
Within one year	-	22,500
	<u>-</u>	<u>22,500</u>

Samuel Groves & Co Limited

Notes to the financial statements

31 December 2006

19 Pension arrangements

Defined contribution pension scheme

The company had a defined contribution scheme till 1 January 2006 where assets of the schemes are held separately from those of the company in independently administered funds. This scheme was transferred to MRX Housewares Limited on 1 January 2006. The company did not make any contributions to the scheme in the current year (2005 - £12,000).

Defined benefit pension schemes

The company also operated the Samuel Groves & Co Limited Pension and Life Assurance Scheme ("the scheme") providing benefits based on final pensionable pay. The scheme was transferred to MRX Housewares Limited along with the trade and assets of the company on 1 January 2006. Information relating to the scheme prior to the transfer has been disclosed below to aid the comparatives.

There was no cost to the company on account of this scheme in the current year (2005 - £51,000).

The following disclosures are based on the full actuarial valuation updated for FRS 17 purposes on 31 December 2005 by a qualified independent actuary. The major assumptions used in this valuation were:

	2006	2005
Rate of increase in salaries	-	3.80%
Rate of increase in pensions in payment and deferred pensions	-	3.25%
Discount rate applied to scheme liabilities	-	4.70%
Inflation assumption	-	3.00%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice.

Samuel Groves & Co Limited

Notes to the financial statements

31 December 2006

19 Pension arrangements (continued)

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 2006 £'000	Value at 2005 £'000	Value at 2004 £'000
Other – Insurance contract	-	2,570	2,570
Total fair value of assets	-	2,570	2,570
Present values of scheme liabilities	-	(2,770)	(2,770)
Deficit in the scheme – Pension liability	-	(200)	(200)
Related deferred tax liability	-	60	60
Net pension liability	-	(140)	(140)
	Long term rate of return 2006	Long term rate of return 2005	Long term rate of return 2004
Other – Insurance contract	-	6.00%	6.00%
Movement in deficit during the year	2006 £'000	2005 £'000	2004 £'000
Deficit at year beginning	-	(200)	(100)
Current service costs	-	(51)	(36)
Contributions paid	-	51	36
Actuarial (loss)	-	-	(100)
Deficit in the scheme at the end of the year	-	(200)	(200)

Samuel Groves & Co Limited
Notes to the financial statements
31 December 2006

19 Pension arrangements (continued)

Analysis of other pension costs charged in arriving at operating profit

	2006	2005
	£'000	£'000
Current service costs	-	51
Net operating charge	-	51

Analysis of amounts included in other finance income/costs

	2006	2005
	£'000	£'000
Expected return on pension scheme assets	-	140
Interest on pension scheme liabilities	-	(140)
Net finance return	-	-

20 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 that company are such that no controlling party has been identified.