

**De Smet Rosedowns Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2007**

**Registered number 40051**

WEDNESDAY



\*AMMS8XYD\*

A25

12/03/2008

174

COMPANIES HOUSE

# **De Smet Rosedowns Limited**

## **Annual report and financial statements for the year ended 31 December 2007**

### **Contents**

Directors' report for the year ended 31 December 2007	1
Independent auditors' report to the members of De Smet Rosedowns Limited	2
Profit and loss account for the year ended 31 December 2007	4
Balance sheet as at 31 December 2007	5
Cash flow statement for the year ended 31 December 2007	6
Notes to the cash flow statement for the year ended 31 December 2007	7
Accounting policies	8
Notes to the financial statements for the year ended 31 December 2007	10

# De Smet Rosedowns Limited

## Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

### Directors

The directors who held office during the financial year are given below

C Grange

F Giegas

Y Creupelandt

J C Didisheim

### Business review and principal activities

The company's core business continues to be the design and manufacture of screw presses, press wearing parts and complete mills for the vegetable oil processing industry, and screw presses and press wearing parts for the animal by-products industry

The results of the company show a profit before taxation of £1,066,479 (2006 £1,354,054) The company has net debt of £64,746 (2006 £466,680 net cash), with net cash inflow from operations of £464,722 (2006 £405,310)

During the year the majority interest (50.1%) in the company was acquired by De Smet Ballestra Engineering, a fellow group undertaking registered in Belgium. In addition, the company's ultimate parent undertaking changed to Financiere DSBG SAS, a company registered in France

### Business Environment

The company operates in a highly competitive trading environment. At present the company's activities are focused on the production of screw presses and ancillary parts for sale into the fats and oils industry

2007 has seen broadly comparable sales with the prior year, arising from increased activity in global bio-diesel investment. The company is well placed to supply into this market and aims to consolidate this level of activity into the future. The company is also seeking to reduce the cost structure of its operation and improve margins

Customer service is increasingly becoming a differentiating factor in the market. The company is therefore committed to achieving growth through improved service and a reduction in lead times, the latter being accomplished through increasing manufacturing capacity and outsourcing where necessary

The company has identified an active "press universe" of some 2,000 screw presses currently operating in its major markets. This "press universe" represents potential users for new presses or replacement parts or that could be replaced by our new machines

The animal rendering industry represents an emerging market for the company which to date has not been fully explored. Presses used for rendering require more regular parts replacement and the company is looking to exploit this in the future

# De Smet Rosedowns Limited

## Strategy

The company's objective is to achieve sustainable organic growth. The key elements in achieving this are,

A first-class product range - the company introduced a new press model, the 800 series, into the market in 2007

Market penetration – the company continues to work closely with other group companies to win additional business and develop a strong market presence

Research and development – the company continues to look for improvements to our product range to meet and surpass customer expectations

Investment – the company maintains investment in its manufacturing facilities. This will continue into the future to improve efficiencies in the production process

## Key performance indicators

The company uses the following key performance indicators to monitor progress against its objectives, sales growth, gross margin and fixed costs per headcount

## Financial risk management

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board are implemented by the company's management

### *Price risk*

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The board will reconsider the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed investments

### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made

### *Liquidity risk*

The company retains sufficient cash to ensure it has available funds for operations. The company also has access to longer term funding from its ultimate parent undertaking if required

### *Interest rate cash flow risk*

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise cash balances, which earn interest at a floating rate, whilst interest bearing liabilities comprise loans and hire purchase creditors. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors will reconsider the appropriateness of this policy should the company's operations change in size or nature

## Results and dividends

The results for the year are shown in the profit and loss account on page 6. The directors do not recommend the payment of a dividend

# **De Smet Rosedowns Limited**

## **Employment of disabled persons**

The company's policy is to support the employment of disabled persons where suitable jobs are available, to retain wherever possible those who become disabled during their employment and to assist with the training and career development of disabled persons

## **Employee involvement**

The company operates consultative committees at which employees are provided with information on matters of concern to them. A briefing system is also used to inform employees of matters which affect them directly in their own place of work

## **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 of the profit or loss of the company 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

## **Audit Information**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

# De Smet Rosedowns Limited

## Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

**By order of the Board**

F Giegas  
Director

A handwritten signature in black ink, appearing to be 'F Giegas', written over the printed name and title.

26<sup>th</sup> February 2008

# **De Smet Rosedowns Limited**

## **Independent auditors' report to the members of De Smet Rosedowns Limited**

We have audited the financial statements of De Smet Rosedowns Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

# De Smet Rosedowns Limited

## Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit and cash flows 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



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Hull

10 March 2008



## De Smet Rosedowns Limited

### Profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	1	8,980,452	9,553,504
Cost of sales		(6,415,891)	(6,964,447)
Gross profit		2,564,561	2,589,057
Other operating income		-	45,200
Administrative expenses		(1,520,539)	(1,414,253)
<b>Operating profit – continuing operations</b>	2	<b>1,044,022</b>	1,220,004
Interest receivable and similar income	4	15,465	12,298
Interest payable and similar charges	4	(42,008)	(14,248)
Other finance income	17	49,000	136,000
<b>Profit on ordinary activities before taxation</b>		<b>1,066,479</b>	1,354,054
Taxation	5	(329,759)	(417,860)
<b>Profit for the financial year</b>	15	<b>736,720</b>	936,194

All of the company's activities are continuing

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

### Statement of total recognised gains and losses for the year ended 31 December 2007

	Note	2007 £	2006 £
Profit for the financial year		736,720	936,194
Actuarial gain/(loss) on pension scheme	17	231,000	(164,109)
Movement on deferred tax relating to pension scheme	13	(64,680)	49,309
<b>Total recognised gains and losses relating to the year</b>		<b>903,040</b>	821,394

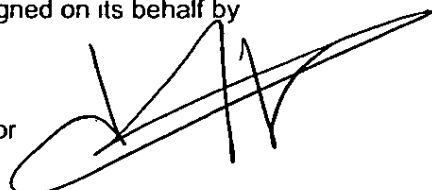
# De Smet Rosedowns Limited

## Balance sheet as at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
<b>Fixed assets</b>					
Tangible assets	6		1,530,439		1,339,309
Investment	7		51,150		1,150
			<b>1,581,589</b>		<b>1,340,459</b>
<b>Current assets</b>					
Stocks and work in progress	8	1,708,718		1,359,737	
Debtors	9	1,515,401		1,751,259	
Cash at bank and in hand		280,493		628,579	
		<b>3,504,612</b>		<b>3,739,575</b>	
<b>Creditors - amounts falling due within one year</b>	10	<b>(1,867,612)</b>		<b>(2,392,624)</b>	
<b>Net current assets</b>			<b>1,637,000</b>		<b>1,346,951</b>
<b>Total assets less current liabilities</b>			<b>3,218,589</b>		<b>2,678,410</b>
<b>Creditors - amounts falling due after more than one year</b>	11		<b>(5,172)</b>		<b>(65,364)</b>
<b>Provisions for liabilities and charges</b>	12		<b>(442,258)</b>		<b>(455,276)</b>
<b>Net assets excluding pension liability</b>			<b>2,771,159</b>		<b>2,166,770</b>
<b>Pension liability</b>	17		<b>(357,840)</b>		<b>(656,491)</b>
<b>Net assets including pension liability</b>			<b>2,413,319</b>		<b>1,510,279</b>
<b>Capital and reserves</b>					
Called up share capital	14		234,080		234,080
Revaluation reserve	15		445,437		453,137
Profit and loss account	15		1,733,802		823,062
<b>Total shareholders' funds</b>	16		<b>2,413,319</b>		<b>1,510,279</b>

The financial statements on pages 6 to 25 were approved by the board of directors on 26 February 2008 and were signed on its behalf by

F Giegas - Director



# De Smet Rosedowns Limited

## Cash flow statement for the year ended 31 December 2007

	2007 £	2007 £	2006 £	2006 £
<b>Net cash inflow from operating activities</b>		<b>464,722</b>		<b>405,310</b>
<b>Returns on investments and servicing of finance</b>				
Interest received	15,265		12,298	
Interest paid	(34,776)		(3,150)	
Interest element of hire purchase contracts	(7,232)		(11,098)	
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(26,743)</b>		<b>(1,950)</b>
<b>Taxation</b>		<b>(575,585)</b>		<b>(118,366)</b>
<b>Capital expenditure</b>				
Receipts from liquidation of investment	-		475	
Payments to acquire investments	(50,000)		(1,150)	
Payments to acquire tangible fixed assets	(343,820)		(185,671)	
<b>Net cash outflow from capital expenditure</b>		<b>(393,820)</b>		<b>(186,346)</b>
<b>Net cash (outflow)/inflow before financing</b>		<b>(531,426)</b>		<b>98,648</b>
<b>Financing</b>				
Bank loan repayments	(14,830)		(32,416)	
Capital element of hire purchase payments	(83,970)		(81,703)	
<b>Net cash outflow from financing</b>		<b>(98,800)</b>		<b>(114,119)</b>
<b>Decrease in net cash</b>		<b>(630,226)</b>		<b>(15,471)</b>

	2007 £	2006 £
<b>Reconciliation of net cash flow to movement in net cash/(debt)</b>		
Decrease in net cash in the year	(630,226)	(15,471)
Net cash flow from decrease in debt and hire purchase contracts	98,800	114,119
<b>Movement in net cash in the year</b>	<b>(531,426)</b>	<b>98,648</b>
Net cash at 31 December 2006	466,680	368,032
<b>Net (debt)/cash at 31 December 2007</b>	<b>(64,746)</b>	<b>466,680</b>

# De Smet Rosedowns Limited

## Notes to the cash flow statement for the year ended 31 December 2007

	2007 £	2006 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	1,044,022	1,220,004
Difference between pension charge and cash contributions	(160,800)	(160,800)
Depreciation	152,690	143,323
Increase in stocks	(348,981)	(339,181)
Decrease/(increase) in debtors	235,858	(867,894)
(Decrease)/increase in creditors and provisions	(458,067)	409,858
<b>Net cash inflow from operating activities</b>	<b>464,722</b>	<b>405,310</b>

## Analysis of changes in net cash/(debt)

	At 31 December 2006	Cash flows	Other movements	At 31 December 2007
Cash at bank and in hand	628,579	(348,086)	-	280,493
Overdraft	-	(282,140)	-	(282,140)
Debt due within one year	(14,830)	14,830	-	-
Hire purchase contracts within one year	(81,705)	83,970	(60,192)	(57,927)
Hire purchase contracts over one year	(65,364)	-	60,192	(5,172)
	466,680	(531,426)	-	(64,746)

# De Smet Rosedowns Limited

## Accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention, except for freehold property which is stated at valuation less accumulated depreciation, and in accordance with applicable accounting standards

The financial statements presented are for the company as an individual undertaking and not its group. The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to publish group financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of Financiere DSBG SAS, a company registered in France

### Turnover

Turnover represents the invoiced value of goods and services supplied, net of value added tax. Revenue from contract press and spare part sales is recognised upon delivery to the customer or, where consignment stock arrangements are in place, revenue is recognised upon notification by the customer that the product has been withdrawn from consignment.

### Depreciation

Depreciation of fixed assets is charged by equal annual instalments, commencing with the year of acquisition, at rates estimated to write off their cost or valuation less any residual value over their expected useful lives which are as follows:

Freehold land	Nil
Freehold buildings	40 years
Plant and machinery	10 years
Motor vehicles	4 years
Computers and office equipment	Between 4 and 7 years

In complying with Financial Reporting Standard (FRS) 15 Tangible Fixed Assets, the company has applied the transitional rules and retained the book values of previously revalued land and buildings. Effective 1 January 2000 the company's property is no longer subject to revaluations.

### Finance leases, hire purchase contracts and operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease. Leasing and hire purchase agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the commitment is shown as obligations under finance leases and hire purchase agreements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

### Research and development

Expenditure on research and development incurred in the year is charged to the profit and loss account or against the individual contract to which it applies.

### Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. The cost of work in progress and finished goods includes all direct overheads and an attributable proportion of indirect overheads based on a normal level of activity. Net realisable value is based on estimated selling prices less the estimated cost of disposal.

# De Smet Rosedowns Limited

## **Deferred taxation**

Provision is made for deferred taxation on the liability method for timing differences which are expected to reverse in the future. Deferred tax assets that arise as a result of timing differences are recognised when their future recoverability is assessed as being more likely than not. Deferred tax assets and liabilities are not subject to discounting.

## **Foreign currencies**

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. Exchange differences are included in the operating result.

## **Investments**

Investments are held at cost less any provision for impairment in value.

## **Pension costs**

The company operates a defined benefit pension scheme covering the majority of its employees. The assets of the scheme are held independently of the company.

The company also contributes to individual employees' personal pension schemes. The cost of these contributions is recognised in the year in which payments are made.

The company complies with the provisions of FRS17 in respect of the defined benefit pension scheme. As a result the regular service cost of providing retirement benefits to employees during the year is charged to operating profit in the year. The full cost of providing amendments to benefits in respect of past service is also charged to operating profit in the year. Any gain on curtailment is credited to operating profit in the year.

Income representing the expected return on assets of the fund during the year is included within other finance income. This is based on the market value of the assets of the fund at the start of the financial year. A cost representing the interest on the liabilities of the fund during the year is also included within other finance income. This arises from the liabilities of the fund being one year closer to payment.

Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised gains and losses in the year, together with differences arising from changes in assumptions underlying the present value of scheme liabilities and experience gains and losses arising on scheme liabilities.

# De Smet Rosedowns Limited

## Notes to the financial statements for the year ended 31 December 2007

### 1 Turnover

	2007 £	2006 £
<b>Turnover by destination</b>		
United Kingdom	1,113,808	1,164,291
Rest of Europe	3,914,343	3,113,583
Rest of World	3,952,301	5,275,630
	<b>8,980,452</b>	<b>9,553,504</b>

The directors consider that the company has one major class of business, being the manufacture of presses and their component parts

### 2 Operating profit

	2007 £	2006 £
<b>Operating profit is stated after crediting</b>		
Exchange gains	19,372	-
<b>and after charging</b>		
Auditors' remuneration		
- Audit fee	26,000	23,500
- Non-audit services – tax compliance	3,300	2,500
Exchange losses	-	43,134
Depreciation of tangible fixed assets		
- Owned assets	109,643	100,277
- Assets held under hire purchase contracts	43,047	43,046
Operating lease charges		
- Plant and machinery	20,626	26,045
The total amount charged against profits in respect of hire purchase contracts is (of which part is shown as depreciation and the balance is shown as interest payable in note 4)	<b>50,278</b>	<b>54,144</b>

# De Smet Rosedowns Limited

## 3 Directors and employees

	2007	2006
	£	£
<b>Staff costs including directors' emoluments</b>		
Wages and salaries	2,110,305	1,746,466
Social security costs	216,293	174,682
Other pension costs	166,968	148,022
	<b>2,493,566</b>	<b>2,069,170</b>

	2007	2006
	Number	Number
<b>Average number employed including executive directors</b>		
Production	70	56
Selling and distribution	9	9
Administration	7	7
	<b>86</b>	<b>72</b>
	<b>£</b>	<b>£</b>

### Directors' emoluments

As executives	-	-
---------------	---	---

No director was entitled to benefits from the company's defined benefit scheme (2006 £Nil)

The pension costs noted above relate to contributions to the defined contribution pension scheme only (there being a £nil current service cost for the defined benefit scheme (note 17)) Payments to this scheme are made as they fall due, consequently the amount accrued at the balance sheet date was £nil (2006 £nil)



# De Smet Rosedowns Limited

## 4 Interest

	2007 £	2006 £
<b>Receivable</b>		
Bank deposits	14,420	12,289
Other	1,045	9
	<b>15,465</b>	<b>12,298</b>
<b>Payable</b>		
On overdrafts and bank loans	(11,469)	(3,150)
On loans from group undertakings	(14,549)	-
Hire purchase interest	(7,232)	(11,098)
Other	(8,758)	-
	<b>(42,008)</b>	<b>(14,248)</b>

## 5 Tax on profit on ordinary activities

Analysis of tax charge in the year	2007 £	2006 £
<b>UK corporation tax</b>		
Current year	250,044	323,229
Adjustment in respect of prior years	(6,447)	1,850
<b>Total current tax</b>	<b>243,597</b>	<b>325,079</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	17,367	5,928
Change in tax rate – impact on deferred tax liabilities	(6,879)	-
Pension cost relief in excess of pension cost charge	58,932	89,067
Change in tax rate – impact on pension deferred tax asset	18,767	
Adjustment in respect of prior years	(2,025)	(2,214)
<b>Total deferred tax (note 13)</b>	<b>86,162</b>	<b>92,781</b>
<b>Total tax charge</b>	<b>329,759</b>	<b>417,860</b>

A deferred tax charge of £64,680 (2006 £49,309 credit), being the deferred tax movement on the actuarial gain/(loss) loss arising on the pension deficit, has been credited directly to reserves

## De Smet Rosedowns Limited

Factors affecting tax charge for the year	2007	2006
	£	£
Profit on ordinary activities before taxation	<b>1,066,479</b>	1,354,054
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	<b>319,943</b>	406,216
<b>Effects of</b>		
Expenses not deductible for tax purposes	<b>3,038</b>	8,700
Non qualifying depreciation	<b>3,362</b>	3,308
Capital allowances in excess of depreciation	<b>(17,367)</b>	(5,928)
Pension contribution relief in excess of net pension cost charge	<b>(58,932)</b>	(89,067)
Prior year current tax adjustment	<b>(6,447)</b>	1,850
<b>Current tax charge for the year</b>	<b>243,597</b>	325,079

The standard rate of Corporation Tax in the UK changes to 28% with effect from 1 April 2008

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold without it being possible to claim rollover relief.

Deferred tax liabilities have not been discounted

# De Smet Rosedowns Limited

## 6 Tangible fixed assets

	Freehold land and buildings	Plant, machinery and motor vehicles	Computers and office equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
31 December 2006	905,976	3,577,223	607,607	5,090,806
Additions	-	343,820	-	343,820
Disposals	-	(756,566)	(493,894)	(1,250,460)
<b>31 December 2007</b>	<b>905,976</b>	<b>3,164,477</b>	<b>113,713</b>	<b>4,184,166</b>
<b>Depreciation</b>				
31 December 2006	247,554	2,922,234	581,709	3,751,497
Charge for the year	11,028	134,577	7,085	152,690
Disposals	-	(756,566)	(493,894)	(1,250,460)
<b>31 December 2007</b>	<b>258,582</b>	<b>2,300,245</b>	<b>94,900</b>	<b>2,653,727</b>
<b>Net book amount</b>				
<b>At 31 December 2007</b>	<b>647,394</b>	<b>864,232</b>	<b>18,813</b>	<b>1,530,439</b>
At 31 December 2006	658,422	654,989	25,898	1,339,309

	2007 £	2006 £
Cost of assets held under hire purchase contracts	<b>430,464</b>	430,464
Depreciation provided	<b>202,448</b>	159,042
<b>Historical cost information</b>		
Historical cost of revalued land and buildings	<b>301,763</b>	301,763
Depreciation based on historical cost	<b>(99,806)</b>	(96,479)
<b>Net historical cost</b>	<b>201,957</b>	205,284

# De Smet Rosedowns Limited

## 7 Fixed asset investment

	2007 £
<b>Cost</b>	
31 December 2006	1,150
Additions	50,000
<b>31 December 2007</b>	<b>51,150</b>

The company has the following interest in a subsidiary undertaking

	Country of registration, incorporation and operation	Shareholding	% of shares held	Nature of business
De Smet Ballestra Rosedowns India Private Limited	India	Ordinary	99%	None trading

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to publish group financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of Financiere DSBG SAS, a company registered in France

## 8 Stocks and work in progress

	2007 £	2006 £
Work in progress	520,593	336,093
Progress payments received	(416,098)	(199,210)
	104,495	136,883
Raw materials and consumables	458,523	674,663
Finished goods and goods for resale	1,145,700	548,191
	1,708,718	1,359,737

# De Smet Rosedowns Limited

## 9 Debtors

	2007	2006
	£	£
Trade debtors	840,455	1,245,534
Amount due from parent undertaking	491,778	373,954
Amount due from fellow subsidiaries and related undertakings	16,787	-
Other debtors	121,788	63,088
Corporation tax	4,641	-
Prepayments and accrued income	39,952	68,683
	<b>1,515,401</b>	<b>1,751,259</b>

## 10 Creditors – Amounts falling due within one year

	2007	2006
	£	£
Bank loans – secured	-	14,830
Bank overdraft	282,140	-
Payments received on account	259,527	257,566
Trade creditors	692,468	707,481
Amount due to parent undertaking	221,312	120,322
Amounts due to fellow subsidiaries and related undertakings	28,549	489,245
Corporation tax payable	-	323,230
Other taxation and social security	54,586	53,415
Other creditors	14,561	64,373
Accruals and deferred income	256,542	280,457
Hire purchase contracts	57,927	81,705
	<b>1,867,612</b>	<b>2,392,624</b>

Loans due to the parent undertaking are unsecured and attract interest at 3.8%. Amounts due to fellow subsidiaries are none interest bearing.

## De Smet Rosedowns Limited

### 11 Creditors – Amounts falling due after more than one year

	2007	2006
	£	£
Hire purchase contracts	5,172	65,364
	5,172	65,364

Bank loans are repayable within five years, as follows

#### Amounts falling due

- Within one year	-	14,830
	-	14,830

Obligations under hire purchase contracts are repayable by monthly instalments, as follows

	2007	2006
	£	£
<b>Amounts falling due</b>		
- Within one year	57,927	81,705
- Between one and two years	5,172	65,364
	63,099	147,069

# De Smet Rosedowns Limited

## 12 Provisions for liabilities and charges

	Deferred taxation excluding deferred tax on pension liability (notes 5 and 13)	Warranty	Total
	£	£	£
31 December 2006	103,182	352,094	455,276
Utilised during the year	-	(87,813)	(87,813)
Profit and loss account	8,493	66,302	74,795
<b>31 December 2007</b>	<b>111,675</b>	<b>330,583</b>	<b>442,258</b>

The warranty provision represents rectification costs in respect of equipment sold. These costs are expected to be incurred within two years of equipment commissioning.

## 13 Deferred taxation

	2007	2006
	£	£
<b>Corporation tax deferred by</b>		
Capital allowances	111,675	103,182
Deferred tax excluding that relating to pension liability	111,675	103,182
Pension asset (note 17)	(139,160)	(281,509)
<b>Net deferred tax asset</b>	<b>(27,485)</b>	<b>(178,327)</b>

The provision is based on a corporation tax rate of 28% (2006: 30%). The potential liability on the revaluation of fixed assets is not shown.

	2007
	£
Net deferred tax asset as at 31 December 2006	(178,327)
Movement on deferred tax charged to the profit and loss account (note 5)	86,162
Movement on deferred tax on pension actuarial gain recognised in reserves	64,680
<b>Net deferred tax asset as at 31 December 2007</b>	<b>(27,485)</b>

# De Smet Rosedowns Limited

## 14 Called up share capital

	2007 Number of shares	2007 £	2006 Number of shares	2006 £
<b>Authorised</b>				
Ordinary shares of £10 each	45,000	450,000	45,000	450,000
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £10 each	23,408	234,080	23,408	234,080

## 15 Reserves

	Revaluation Reserve £	Profit and Loss Account £	Total £
31 December 2006	453,137	823,062	1,276,199
Profit for the year	-	736,720	736,720
Actuarial gain on pension scheme	-	231,000	231,000
Movement on deferred tax relating to pension scheme	-	(64,680)	(64,680)
Transfer from revaluation reserve	(7,700)	7,700	-
<b>31 December 2007</b>	<b>445,437</b>	<b>1,733,802</b>	<b>2,179,239</b>

## 16 Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	1,510,279	688,885
Profit for the year	736,720	936,194
Actuarial gain/(loss) on pension scheme	231,000	(164,109)
Movement on deferred tax relating to pension scheme	(64,680)	49,309
Closing shareholders' funds	2,413,319	1,510,279



# De Smet Rosedowns Limited

## 17 Pensions

The company operates a defined contribution pension scheme. The charge to the profit and loss account in respect of this scheme is £166,969 (2006 £148,022)

The company also operates a defined benefit pension scheme, The De Smet Rosedowns Staff Pension Scheme. The assets of the scheme are held in a separate trustee administered fund. The latest assessment of the scheme was at 6 April 2004. The Scheme was closed to future accruals on 30 April 2005.

The main financial assumptions used by the actuary were

Description	Assumptions 31 December 2007	Assumptions 31 December 2006	Assumptions 31 December 2005
Discount Rate (pre & post retirement)	5.8%	5.2%	4.75%
Price Inflation	3.1%	2.75%	2.5%
Salary increases	n/a	n/a	3.5%
Pension increases in payment on pre 1988 GMP	0.0%	0.0%	0.0%
Pension increases in payment on post 1988 GMP	2.5%	2.5%	2.5%
Pension increases in payment on excess of GMP	3.5%	3.25%	3.0%
Revaluation on pension in deferment	3.1%	2.75%	2.5%

The assets and liabilities of the Scheme and the expected rates of return were

Description	Long term expected rate of return at 31 December 2007 %	Market value at 31 December 2007 £'000	Long term expected rate of return at 31 December 2006 %	Market value at 31 December 2006 £'000	Long term expected rate of return at 31 December 2005 %	Market value at 31 December 2005 £'000
Equities	8.0%	6,136	7.75%	4,145	7.25%	7,567
Bonds	5.5%	3,956	5.0%	1,094	4.5%	1,104
Other assets	5.0%	20	5.0%	4,564	4.5%	778
Market value of assets		10,112		9,803		9,449
Present value of liabilities		(10,609)		(10,741)		(10,520)
(Deficit)/surplus		(497)		(938)		(1,071)
Related deferred tax asset or (liability)		139		282		321
Net pension (liability)		(358)		(656)		(750)

## De Smet Rosedowns Limited

The current service cost for the year ended 31 December 2007 is nil because there is no further accrual of benefits under the scheme and the expenses incurred for running the scheme are met by the company. Accordingly there are no charges to operating profit in respect of the defined benefit pension scheme in the year.

An analysis of the amount credited to other finance income is as follows:

	2007	2006
Finance income	£'000	£'000
Expected return on pension scheme assets	600	628
Interest on pension scheme liabilities	(551)	(492)
<b>Net return</b>	<b>49</b>	<b>136</b>

An analysis of the amount recognised in the statement of total recognised gains and losses ("STRGL") is as follows:

Component	2007	2006
	£'000	£'000
Actual return less expected return on pension scheme assets	(155)	(122)
Experience gains and losses arising on the scheme liabilities	-	(2)
Changes in assumptions underlying the present value of the scheme liabilities	386	(40)
<b>Actuarial gain/(loss) recognised in STRGL</b>	<b>231</b>	<b>(164)</b>

**Movement in deficit during the year before tax:**

Component	2007	2006
	£'000	£'000
(Deficit) at 31 December 2006	(938)	(1,071)
Contributions	161	161
Other finance income	49	136
Actuarial gain/(loss)	231	(164)
<b>(Deficit) at 31 December 2007</b>	<b>(497)</b>	<b>(938)</b>

# De Smet Rosedowns Limited

## History of experience gains and losses

	2007	2006	2005	2004
<b>(Loss)/gain on scheme assets:</b>				
Amount (£'000)	(155)	(122)	1,176	135
% of Scheme assets at end of period	(2%)	(1%)	12%	2%
<b>Experience (loss)/gain on scheme liabilities:</b>				
Amount (£'000)	-	(2)	(33)	129
% of Scheme liabilities at end of period	-	0%	0%	1%
<b>Total actuarial (loss)/gain recognised in STRGL</b>				
Amount (£'000)	231	(164)	177	(167)
% of Scheme liabilities at end of period	(2%)	(2%)	2%	(2%)

## 18 Guarantees and other financial commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases expiring as follows

	2007 £	2006 £
<b>Equipment and motor vehicles</b>		
<b>Expiring</b>		
Within one year	5,774	13,072
Within two to five years	5,049	7,554
	<b>10,823</b>	<b>20,626</b>

At 31 December 2007 there were contingent liabilities as follows

Sundry performance bonds and trade guarantees amounting to £106,130 (2006 £122,369)

## 19 Ultimate parent undertaking and related party transactions

During the year the majority interest (50.1%) in the company was acquired by De Smet Ballestra Engineering, a fellow group undertaking registered in Belgium. In addition, the company's ultimate parent undertaking and controlling party changed to Financiere DSBG SAS, a company registered in France.

The ultimate parent produces consolidated financial statements, accordingly the company is exempt from disclosure of transactions and balances with other group undertakings in accordance with paragraph 3(c) of Financial Reporting Standard No 8.