

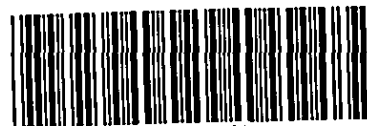
Registered No 40051

De Smet Rosedowns Limited

Report and Financial Statements

31 December 2011

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COMPANIES HOUSE

De Smet Rosedowns Limited

Directors

P Bayet (appointed 12 July 2011)
J De Bertoult (appointed 12 July 2011)

Company Secretary

S Clarke

Auditors

Ernst & Young LLP
Lowgate House
Lowgate
Hull
HU1 1JJ

Registered Office

Cannon Street
Hull
HU2 0AD

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The profit for the year after taxation amounted to £1,154,000 (2010 – profit of £736,000) The directors do not recommend a final dividend (2010 – £nil)

Principal activities and review of the business

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

The results of the company show a profit before taxation of £1,622,000 (2010 – £1,025,000)

2011 saw an increase in the sale of presses and parts sales remained very strong The company was well placed to take advantage of a continuing upsurge in demand for spare parts in all segments of the market and aims to consolidate this level of activity into the future

Customer service is increasingly becoming a differentiating factor in our highly competitive 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 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 continues to explore this market opportunity

Strategy

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

A first-class product range – the continuing development of the Sterling Series Range

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

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, interest rate risk and foreign exchange 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

Directors' report (continued)

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 bank overdraft 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.

Foreign exchange rate risk

The company's sales are denominated primarily in Euros and US Dollars. The majority of purchases are made in Sterling. The company does enter into forward contracts to manage the risk of exchange rate movements.

Going concern

On the basis of their assessment of the company's financial position the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. No material uncertainties that cast doubt about the ability of the company to continue as a going concern have been identified by the directors.

Directors

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

P Bayet	(appointed 12 July 2011)
J De Bertoult	(appointed 12 July 2011)
F Giegas	(resigned 29 August 2011)
M D'Udekem D'Acoz	(resigned 26 August 2011)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report (continued)

Auditors

PricewaterhouseCoopers LLP, resigned as auditors on 4 January 2012 and Ernst & Young LLP were appointed in their place

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Jérôme de Bertoult', is written over a horizontal line. The signature is stylized and cursive.

J De Bertoult
Director

25 September 2012

Statement of directors' responsibilities

The directors are responsible for preparing the 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 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, 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 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.

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 2011 which comprise of the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

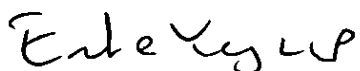
Independent auditors' report (continued)

to the members of De Smet Rosedowns Limited

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



Richard Frostick (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Hull

28 September 2012

Profit and loss account

for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover	2	10,969	8,761
Cost of sales		<u>(7,309)</u>	<u>(5,826)</u>
Gross profit		3,660	2,935
Administrative expenses		<u>(2,150)</u>	<u>(1,962)</u>
Operating profit	3	1,510	973
Profit on disposal of fixed assets		-	50
Interest receivable and similar income	6	1	4
Interest payable and similar charges	7	(9)	(2)
Other finance income	18	120	-
Profit on ordinary activities before taxation		1,622	1,025
Tax	8	<u>(468)</u>	<u>(289)</u>
Profit for the financial year	16	<u>1,154</u>	<u>736</u>

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2011

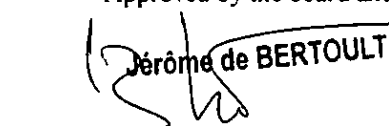
	Note	2011 £000	2010 £000
Profit for the financial year		1,154	736
Actuarial (loss)/gain on pension scheme	18	(1,524)	34
Impact of capping of pension asset	18	-	(49)
Movement on deferred tax relating to pension scheme	8(c)	404	4
Total recognised gains and losses relating to the year		<u>34</u>	<u>725</u>

Balance sheet

at 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible fixed assets	9	518	643
Investment	10	51	51
		<u>569</u>	<u>694</u>
Current assets			
Stocks and work in progress	11	1,976	1,901
Debtors	12	6,292	4,287
Cash at bank and in hand		213	687
		<u>8,481</u>	<u>6,875</u>
Creditors , amounts falling due within one year	13	(2,780)	(2,209)
Net current assets		<u>5,701</u>	<u>4,666</u>
Total assets less current liabilities		6,270	5,360
Provisions for liabilities	14	(220)	(227)
Net assets excluding pension liability		<u>6,050</u>	<u>5,133</u>
Pension liability	18	(883)	–
Net assets including pension liability		<u>5,167</u>	<u>5,133</u>
Capital and reserves			
Called up share capital	15	234	234
Profit and loss account	16	4,933	4,899
Shareholders' funds	17	<u>5,167</u>	<u>5,133</u>

Approved by the board and signed on its behalf by



J De Bertoult
Director

25 September 2012

Registered No 40051

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

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

Certain comparatives have been adjusted within these financial statements to reclassify progress payments received from Stock to Creditors amounts falling due within one year

Group financial statements

The financial statements presented are for the company as an individual undertaking and not its group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to publish group financial statements as it and its subsidiary undertaking are included by full consolidation in the group financial statements of Financiere DSBG SAS, a company registered in France

Statement of cash flows and related party disclosures

The company is a wholly-owned subsidiary of Financiere DSBG SAS and is included in the group financial statements of Financiere DSBG SAS, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a statement of cash flows under the terms of FRS 1 Statement of cash flows (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Financiere DSBG SAS group or investees of the Financiere DSBG SAS group

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses

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 based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows

Plant and machinery	–	over 10 years
Motor vehicles	–	4 years
Computers and office equipment	–	between 4 and 7 years

Investments

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

Stocks

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

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 within operating profit

Notes to the financial statements

at 31 December 2011

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Leasing and hire purchase commitments

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

Pensions

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 fall due.

The company complies with the provisions of FRS 17 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 settlement and 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.

Notes to the financial statements

at 31 December 2011

2 Turnover

	2011 £000	2010 £000
United Kingdom	1,157	810
Europe	6,589	4,278
Rest of world	3,223	3,673
	<u>10,969</u>	<u>8,761</u>

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

3. Operating profit

This is stated after charging/(crediting)

	2011 £000	2010 £000
Exchange losses	157	36
Gain on pension scheme settlements	–	(170)
Services provided by the company's auditor		
Fees payable for the audit	20	29
Fees payable for other services – tax compliance	5	4
Depreciation of tangible fixed assets		
Owned assets	103	107
Assets held under hire purchase contracts	43	43
Operating lease charges		
Land and buildings	153	139
Plant and machinery	19	15

4. Directors' remuneration

	2011 £000	2010 £000
Directors' remuneration	<u>–</u>	<u>–</u>

In 2011 none of the directors were remunerated by this company (2010 - none) and no directors were accruing benefits under a company pension scheme (2010 - none)

The remuneration of all four directors appointed during the year, is both paid for, and disclosed in the financial statements of the company's parent company, Financiere DSBG SAS

Notes to the financial statements

at 31 December 2011

5. Staff costs

	2011 £000	2010 £000
Wages and salaries	2,142	2,003
Social security costs	219	205
Other pension costs	187	249
	<u>2,548</u>	<u>2,457</u>

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

	No	No
Production	68	65
Selling and distribution	8	8
Administration	6	6
	<u>82</u>	<u>79</u>

6. Interest receivable and similar income

	2011 £000	2010 £000
Bank interest	–	3
Other	1	1
	<u>1</u>	<u>4</u>

7. Interest payable and similar charges

	2011 £000	2010 £000
Bank interest	(9)	(2)
	<u>(9)</u>	<u>(2)</u>

Notes to the financial statements

at 31 December 2011

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2011 £000	2010 £000
Current tax.		
UK corporation tax on the profit for the year	378	(9)
Adjustment in respect of prior years	–	9
Total current tax (note 8(b))	378	–
Deferred tax		
Origination and reversal of timing differences	(11)	(5)
Pension cost relief in excess of pension cost charge	92	293
Adjustment in respect of prior years	(4)	4
Impact of change in tax rate	13	(3)
Total deferred tax (note 8(c))	90	289
Tax on profit on ordinary activities	468	289

A deferred tax credit of £403,754 (2010 – £4,200 credit), being the deferred tax movement on the actuarial loss (2010 – loss) arising on the pension deficit, has been credited directly to reserves

Notes to the financial statements

at 31 December 2011

8. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010 – 28.0%). The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	1,622	1,025
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28.0%)	430	287
<i>Effects of</i>		
Expenses not deductible for tax purposes	29	1
Income not assessed for tax purposes	–	(14)
Depreciation in excess of capital allowances	13	5
Other timing differences	(2)	5
Pension cost relief in excess of pension cost charge	(92)	(245)
Gain on pension scheme settlement	–	(48)
Adjustment in respect of previous years	–	9
Current tax for the year (note 8(a))	378	–

(c) Deferred tax

	2011 £000	2010 £000
Corporation tax deferred by		
Capital allowances	54	71
Other timing differences	(2)	–
Deferred tax excluding that relating to pension liability	52	71
Deferred tax on pension (note 18)	(295)	–
Net deferred tax (asset)/liability	(243)	71

The provision is based on a corporation tax rate of 25% (2010 – 27%)

	2011 £000
Net deferred tax liability as at 1 January 2011	71
Movement on deferred tax charged to the profit and loss account (note 8a)	90
Movement on deferred tax on pension recognised in reserves	(404)
Net deferred tax asset as at 31 December 2011	(243)

Notes to the financial statements

at 31 December 2011

8 Tax (continued)

(d) Factors that may affect future tax charges

The Finance Act 2011 received Royal Assent on 19 July 2011 and announced a reduction in the main rate of corporation tax to 26% effective from 1 April 2011 and to 25% effective from 1 April 2012. However, it was announced in the Budget 2012 that the main rate of corporation tax effective from 1 April 2012 will in fact be 24%.

Deferred tax has been calculated at 25% as this is the tax rate substantively enacted at the Balance Sheet date.

It is also currently expected that further reductions of 1% per annum will result in a decrease in the main rate of corporation tax to 22% with effect from 1 April 2014. This is not expected to have a material effect on the deferred tax in the Balance Sheet.

9 Tangible fixed assets

	<i>Plant and machinery £000</i>	<i>Motor vehicles £000</i>	<i>Computers and office equipment £000</i>	<i>Total £000</i>
Cost				
At 1 January 2011	2,180	53	65	2,298
Additions	10	–	11	21
At 31 December 2011	<u>2,190</u>	<u>53</u>	<u>76</u>	<u>2,319</u>
Accumulated depreciation				
At 1 January 2011	1,579	20	56	1,655
Charge of the year	131	13	2	146
At 31 December 2011	<u>1,710</u>	<u>33</u>	<u>58</u>	<u>1,801</u>
Net book value				
At 31 December 2011	<u>480</u>	<u>20</u>	<u>18</u>	<u>518</u>
At 31 December 2010	<u>601</u>	<u>33</u>	<u>9</u>	<u>643</u>

	<i>2011 £000</i>	<i>2010 £000</i>
Cost of assets held under hire purchase contracts	431	431
Depreciation provided	<u>375</u>	<u>332</u>

Notes to the financial statements

at 31 December 2011

10. Investments

	<i>Subsidiary undertakings £000</i>
Cost	
At 31 December 2010 and 31 December 2011	<u>51</u>

The company has the following interest in a subsidiary undertaking

	<i>County of registration in- corporation and operation</i>	<i>Shareholding</i>	<i>% of shares held</i>	<i>Nature of business</i>
De Smet Ballestra Rosedowns India Private Limited	<u>India</u>	<u>Ordinary</u>	<u>99%</u>	<u>Non-trading</u>

The directors believe that the carrying value of the investment is supported by the underlying net assets

11 Stocks

	<i>2011 £000</i>	<i>2010 £000</i>
Work in progress	142	175
Raw materials and consumables	775	592
Finished goods and goods for resale	1,059	1,134
	<u>1,976</u>	<u>1,901</u>

12. Debtors

	<i>2011 £000</i>	<i>2010 £000</i>
Trade debtors	1,365	762
Amount due from parent undertaking	4,381	2,918
Amount due from fellow subsidiaries	355	486
Other debtors	103	56
Corporation tax	~	9
Prepayments and accrued income	88	56
	<u>6 292</u>	<u>4,287</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

Notes to the financial statements

at 31 December 2011

13 Creditors: amounts falling due within one year

	2011	2010
	£000	£000
Payments received on account	957	826
Trade creditors	1,004	1,032
Amount due to parent undertaking	149	65
Amount due to fellow subsidiaries	10	11
Corporation tax payable	367	–
Other taxes and social security costs	89	63
Other creditors	37	35
Accruals and deferred income	167	177
	<u>2,780</u>	<u>2,209</u>

14. Provisions for liabilities

Deferred taxation provided in the financial statements and the amounts not provided are as follows

	Deferred taxation excluding deferred tax on pension liability (notes 8 and 8(c)) £000	Warranty £000	Total £000
At 1 January 2011	71	156	227
Utilised during the year	–	(67)	(67)
Profit and loss account	(19)	79	60
At 31 December 2011	<u>52</u>	<u>168</u>	<u>220</u>

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

15 Issued share capital

		2011		2010
	No	£000	No	£000
Allotted, called up and fully paid				
Ordinary shares of £1 each	23,408	<u>234</u>	23,408	<u>234</u>

Notes to the financial statements

at 31 December 2011

16. Movements on reserves

	<i>Profit and loss account £000</i>
At 1 January 2011	4,899
Profit for the year	1,154
Actuarial loss on pension scheme	(1,524)
Movement on deferred tax relating to pension scheme	404
At 31 December 2011	<u>4,933</u>

17. Reconciliation of movement in shareholders' funds

	<i>2011 £000</i>	<i>2010 £000</i>
Opening shareholders' funds	5,133	4,408
Profit for the year	1,154	736
Actuarial loss on pension scheme	(1,524)	(15)
Movement on deferred tax relating to pension scheme	404	4
Closing shareholders' funds	<u>5,167</u>	<u>5,133</u>

18. Pensions

The company operates a defined contribution pension scheme. The charge to the profit and loss account in respect of this scheme is £84,610 (2010 – £84,754). Payments to the defined contribution pension scheme are made as they fall due, consequently the amount accrued at the balance sheet date was £nil (2010 – £nil).

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 2009 and updated to 31 December 2011. The Scheme was closed to future accruals on 30 April 2005. The total contributions to the defined benefit plan in the next year are expected to be £225,600.

The main financial assumptions used by the actuary were

	<i>Assumptions 31 December 2011</i>	<i>Assumptions 31 December 2010</i>
Discount rate (pre and post retirement)	4.7%	5.4%
Price inflation	2.8%	3.2%
Salary increases	n/a	n/a
Pension increases in payment on pre 1988 GMP	3.4%	3.5%
Pension increases in payment on post 1988 GMP	3.4%	3.5%
Pension increases in payment on excess of GMP	2.8%	3.2%
Revaluation on pension in deferment	2.8%	3.2%

Notes to the financial statements

at 31 December 2011

18. Pensions (continued)

	<i>Assumptions 31 December 2011</i>	<i>Assumptions 1 January 2011</i>
<i>Mortality assumptions – life expectancy at retirement</i>		
For members currently aged 45		
Male	22.4	22.3
Female	24.7	24.6
For members currently aged 65		
Male	20.6	20.4
Female	22.7	22.6

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

<i>Description</i>	<i>Long ten expected rate of return at 31 December 2011</i>	<i>Value at 31 December 2011</i>	<i>Long-term expected rate of return at 31 December 2010</i>	<i>Value at 31 December 2010</i>
	<i>%</i>	<i>£000</i>	<i>%</i>	<i>£000</i>
Equities	6.3%	3,690	7.7%	5,494
Bonds	4.7%	5,610	5.4%	3,740
Other assets	0.5%	7	0.5%	358
Fair value of scheme assets		9,307		9,592
Present value of scheme liabilities		(10,485)		(9,478)
(Deficit)/surplus in the scheme		(1,178)		114
Unrecognised asset		–		(114)
Related deferred tax asset		295		–
Net pension deficit		(883)		–

Notes to the financial statements

at 31 December 2011

18. Pensions (continued)

An analysis of the defined benefit cost for the year ended 31 December is as follows

	2011 £000	2010 £000
<i>Recognised in the Profit and Loss account</i>		
Current service cost	-	-
Net gain on pension scheme settlements	-	170
Total operating charge	-	170

The current service cost for the year ended 31 December 2011 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

	2011 £000	2010 £000
Other finance costs		
Interest cost	(501)	(542)
Expected return on pension scheme assets	621	607
Scheme surplus	-	(65)
Total other finance income	120	-

	2011 £000	2010 £000
<i>Taken to the Statement of Total Recognised Gains and Losses</i>		
STRGL Actual return less expected return on pension scheme assets	(739)	485
STRGL Experience loss arising on scheme liabilities	(86)	41
STRGL Loss arising from changes in assumptions underlying the present value of scheme liabilities	(813)	(492)
STRGL Effect of limit on amount of surplus recognised	114	(49)
Total actuarial loss recognised in the statement of total recognised gains and losses	(1,524)	(15)

Change in the present value of scheme liabilities

	2011 £000	2010 £000
Opening present value of scheme liabilities	9,478	10,608
Interest cost	501	542
Liabilities extinguished on settlements	-	(1,733)
Actuarial loss	899	451
Benefits paid	(393)	(390)
Closing present value of scheme liabilities	10,485	9,478

Notes to the financial statements

at 31 December 2011

18. Pensions (continued)

Change in the fair value of scheme assets

	2011 £000	2010 £000
Opening fair value of scheme assets	9,592	9,577
Expected return on assets	621	607
Assets distributed on settlements	–	(1,563)
Actuarial (loss) / gain	(739)	485
Employer contributions	226	876
Benefits paid	(393)	(390)
Closing present value of scheme assets	9,307	9,592

Amounts for current and previous four years

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Fair value of scheme assets	9,307	9,592	9,577	8,043	10,112
Present value of defined benefit obligation	(10,485)	(9,478)	(10,608)	(9,270)	(10,609)
Scheme (deficit) / unrealised surplus	(1,178)	114	(1,031)	(1,227)	(497)
Experience adjustments arising on plan liabilities	(86)	41	4	–	–
Experience adjustments arising on plan assets	(739)	485	1,003	(2,595)	(155)

19 Other financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £000	Equipment and motor vehicles £000	Land and buildings £000	Equipment and motor vehicles £000
Operating leases which expire				
Within one year	–	1	–	2
In two to five years	155	13	153	5
	155	14	153	7

At 31 December 2011 there were contingent liabilities as follows

Sundry performance bonds and trade guarantees amounting to £316,818 (2010 – £506,832)

Notes to the financial statements

at 31 December 2011

20 Ultimate parent undertaking and controlling party

The immediate parent undertaking is N V Desmet Ballestra Group SA, a company incorporated in Belgium

The ultimate parent undertaking and controlling party, Financiere DSBG SAS, a company incorporated in France, produces group financial statements Financiere DSBG SAS is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2011 The group financial statements of Financiere DSBG SAS can be obtained from 38 Rue De Bassano, 75008 Paris 8