

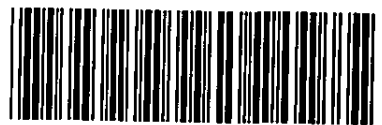
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Aqua Capital Limited

Report and Financial Statements

30 November 2010

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25/01/2012

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COMPANIES HOUSE

Registered No: 248695

Director

R McMahon

Secretary

R Loveridge

Auditors

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Solicitors

CMS Cameron McKenna
Mitre House
160 Aldergate Street
London
EC1A 4DD

Registered Office

3 The Stables
Howbery Park
Crowmarsh Gifford
Wallingford
Oxfordshire
England
OX10 8BA

Registered No 248695

Director's report

The director presents his report and financial statements for the year ended 30 November 2010

Principal activities and review of the business

The principal activities of the company during the year, as in 2009, were the provision of services to other group companies and the sub-letting of its remaining leasehold premises. The company has also earned interest on balances loaned to other group companies.

Results and dividends

The loss for the year amounted to £364,000 (2009: £508,000 loss). The director does not recommend the payment of a dividend (2009: £nil).

Directors

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

R McMahon

C Carlier (Resigned 10 July 2010)

Key Performance Indicators

The company's Key Performance Indicator is its level of variable cost, and this is measured monthly against forecasts.

Principal risks and uncertainties

Going concern

Given the current real estate market in the area, it has been concluded, upon advice of the company's letting agent, that the company will be unable to let the void space before the lease comes to an end in 2012. This has been reflected in arriving at the onerous lease provision in note 12 to the financial statements.

The company participates in a multi-employer defined benefit pension scheme; during 2009 the triennial valuation fell due and the preliminary results of this have disclosed a material increase in the under-funding of the scheme. This under-funding will necessitate additional payments to be made from the employers into the scheme in order to eliminate the under-funding. The company has finite liquidity and as such has no capacity with which to increase the current level of payments that it makes towards the scheme. This situation has material implications for the company and there is a fundamental uncertainty regarding going concern as discussed further in note 1 of these financial statements.

Liquidity risk

The company funds its net expenses from cash deposits.

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Director's report

Interest rate risk

The company has a cash balance of £2,876,000, (2009 £201,000) which earns interest at a variable rate. Due to the amounts involved the director considers the interest rate risk in respect of these balances to be minimal.

Currency risk

The director considers that there is no currency risk to the company as all its transactions, assets, and liabilities are in UK pounds sterling.

Credit risk

There is a risk of financial loss to the company arising from a failure by the company's sub-tenant in its leased building. The company manages this situation by close monitoring of credit levels and the director is of the view that the risk is at an acceptable level.

Director's qualifying third party indemnity provisions

The company's parent has granted an indemnity to the director against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the director's report.

Director's statement as to disclosure of information to auditors

The director who was a member of the board at the time of approving the director's report is listed on page 1. Having made enquiries of the company's staff and of the company's auditors, the director confirms that

- to the best of his knowledge and belief, there is no information relevant to the preparation of the report of which the company's auditors are unaware, and
- the director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Re-appointment of auditors

During the year, Ernst and Young resigned as auditors, confirming there were no circumstances associated with their resignation that need to be brought to the attention of members or creditors. The directors appointed Grant Thornton UK LLP to fill the casual vacancy arising.

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Grant Thornton UK LLP as auditor of the company.

On behalf of the Board



R McMahon
Director
Date

20/1/12

Statement of Director's responsibilities

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

Company law requires the director to prepare financial statements for each financial period. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is 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, and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Aqua Capital Limited

We have audited the financial statements of Aqua Capital Limited for the period ended 30 November 2010 which comprise the principal accounting policies, the profit and loss account, the statement of total recognised gains and losses, the balance sheet and related notes. 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 the directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 November 2010 and of its loss for the period 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.

Independent auditors' report

to the members of Aqua Capital Limited

Opinion on other matter prescribed by the Companies Act 2006

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

Emphasis of matter – Residual liabilities

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of disclosure made in note 1 to the financial statements concerning the significant uncertainty as to the company's ability to discharge its on-going FRS 17 pension deficit and remaining lease liabilities. The conditions explained in note 1 to the financial statements indicate the existence of a significant uncertainty as to the company's ability to discharge its full future obligations, which may cast doubt on the company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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

Mark Cardiff
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
London
20 January 2012



Registered No 248695

Profit and loss account

for the period ended 30 November 2010

	<i>Note</i>	<i>2010</i> <i>£'000</i>	<i>2009</i> <i>£'000</i>
Turnover			
Turnover - continuing operations	2	141	143
		<hr/>	<hr/>
	2	141	143
Cost of sales		133	129
		<hr/>	<hr/>
Gross profit		8	14
		<hr/>	<hr/>
Administrative expenses		(72)	(1,111)
Other operating income	3	160	296
		<hr/>	<hr/>
Operating profit / (loss)	4	96	(801)
Interest receivable	7	34	120
Net finance cost in respect of the defined benefit scheme		(534)	(244)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(404)	(925)
Tax credit on loss on ordinary activities	8	40	417
		<hr/>	<hr/>
Loss for the financial year		(364)	(508)
		<hr/> <hr/>	<hr/> <hr/>

All activities arise from continuing operations

Statement of total recognised gains and losses

	<i>2010</i> <i>£'000</i>	<i>2009</i> <i>£'000</i>
Loss for the financial year	(364)	(508)
Actuarial gain/(loss) in respect of defined benefit pension scheme	3,534	(12,383)
	<hr/>	<hr/>
Total recognised gains and losses related to the year	3,170	(12,891)
Prior year adjustment - FRS 17 (as explained in note 1)	-	(1,785)
	<hr/>	<hr/>
Total gains and losses recognised since the last annual report	3,170	(14,676)
	<hr/> <hr/>	<hr/> <hr/>

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Balance sheet

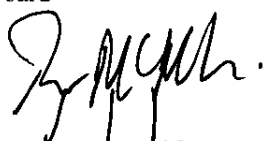
at 30 November 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	9	-	-
Current assets			
Debtors	10	381	3,701
Cash at bank		2,876	201
		3,257	3,902
Creditors: amounts falling due within one year	11	(296)	(134)
Net current assets		2,961	3,768
Total assets less current liabilities		2,961	3,768
Provisions for liabilities	12	(1,301)	(2,056)
Total assets excluding the pension liability		1,660	1,712
Pension liability	17	(12,421)	(15,643)
Net liabilities		(10,761)	(13,931)
Capital and Reserves			
Called up share capital	15	30	30
Profit and loss account	16	(10,791)	(13,961)
Shareholder's funds	16	(10,761)	(13,931)

By order of the Board

R McMahon
Director

Date


20/1/12

Notes to the financial statements

at 30 November 2010

1. Accounting policies

Going Concern - fundamental uncertainty

The principal activities of the company are the provision of services to other group companies and the sub-letting of its leasehold property. The company continues to use its liquid funds to discharge residual liabilities as they fall due. Until the end of 2011 the director has concluded that the company has adequate liquidity with which to cover all known obligations. However, developments with regard to these residual liabilities during 2010, as described below, create material uncertainty about the future of the company.

As described in the director's report on page 3, the director has concluded that the company will be unable to sub-let the void in the company's remaining leasehold property, before the lease expires in August 2012, following the early termination of a sub-lease by a sub-tenant during 2009. This has led to an increase in the net obligations that the company has toward the landlord of the leased premises.

Coupled with the above, as explained in note 17, the multi-employer defined benefit scheme in which the company participates has to face a material increase in the under-funding of the scheme. The director has concluded that the company has no additional liquidity from which existing commitments towards the scheme can be increased. At the end of 2010 the FRS17 pension scheme deficit booked within the company's accounts is valued at £12.4m. The director believes there is a material risk that the company will not have adequate resources with which to discharge its full future obligations to the pension scheme and the landlord of the leased building. Accordingly, the director has commenced actions to explore all possibilities by which the company can secure an exit from its potential future obligations within the confines of its current liquidity. Due to the complex nature of the legal and regulatory framework applicable to these issues the director does not believe these activities will be completed for some time. The director will continue to use existing liquidity to discharge the company's obligations until any further actions are taken.

For the reasons outlined above, the director has adopted the going concern basis of accounting in preparing the annual financial statements, although material uncertainties exist that could cast significant doubt on the company's ability to continue as a going concern.

Basis of preparation

As explained above, the financial statements are prepared under the historical cost convention on a going concern basis and in accordance with applicable United Kingdom accounting standards. Where appropriate, assets have been written down to their net realisable value. Provisions have been made for any liabilities under onerous contracts. The financial statements do not include any provisions for the future costs of terminating the business, which are not obligations at the balance sheet date. The company is a participating employer in a defined multi-employer pension scheme. Its share of the scheme's assets and liabilities allocated on a consistent and reasonable basis has been included, and accounted for in accordance with FRS 17 'Retirement Benefits'. The amount recorded in accordance with FRS 17 differs from the amount of the pension liability on a buyout basis, and from the amount that the company is able to pay in respect of the pension scheme funding deficit, given its finite resources.

Notes to the financial statements

at 30 November 2010

1. Accounting policies (continued)

Related parties transactions

The company is a wholly owned subsidiary of TBG Limited. Accordingly, the company has taken advantage of the exemption in FRS8 - from disclosing transactions with TBG Limited and with subsidiaries wholly owned by the group.

Cash flow statement

TBG Limited, an intermediate parent company, publishes a consolidated cash flow statement which includes the cash flows of the company. The company has therefore taken advantage of the exemption granted by FRS1 (revised) "Cash Flow Statements" to not present a cash flow statement.

Fixed assets

All fixed assets are initially recorded at cost. The carrying values of tangible fixed assets are reviewed for impairment if events change or changes in circumstances indicate the carrying value may not be recoverable. In preparing these accounts on a non-going concern basis all tangible fixed assets have been written down to zero.

Depreciation

All Property improvements were written off during 2009.

Taxation

The credit for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, except that deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable 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.

Notes to the financial statements

at 30 November 2010

1 Accounting policies (continued)

Operating lease agreements

Rentals payable and receivable under operating leases are charged or credited in the profit and loss account on a straight line basis over the lease term

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material the provisions are discounted.

Pension costs

Retirement benefits

(i) Defined benefit pension scheme

The company operates "The Sterling Fluid Pension Scheme", a multi-employer group defined benefit pension scheme which has Sterling Fluid Systems (UK) Limited, Sterling Fluid Services Limited, Darwins Holdings Limited and Aqua Capital Limited as members. The company's share of the Scheme's assets and liabilities has been allocated to the company based on the pension liabilities of the scheme members, which has been applied consistently by the third party Pension Scheme Administrator (PSA) based upon individual member records as held by the PSA that, as at 30 November 2010, had not been verified by the company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the project unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities of the company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit.

The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in interest payable. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised on the balance sheet net of related deferred tax, in accordance with the accounting policy for deferred taxation.

(ii) Defined contribution pension scheme

The group also operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

at 30 November 2010

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to other group companies for services supplied within the United Kingdom

The company recharges 90% of staff cost to Sterling Fluid Services Limited (a related company), with an additional 10% mark-up. During 2011 the provision for services was actualised. Between 2006 and 2010 the company inadvertently overcharged Sterling Fluid Services Limited £6,905.31. During 2011 Sterling Fluid Services received a credit for the additional costs charged in error.

3. Other operating income

Other operating income in 2010 and 2009 represents rental income from sub-letting of leasehold office premises.

4. Operating profit / (loss)

This is stated after charging	2010	2009
	£'000	£'000
Auditor's remuneration	10	12
Depreciation of owned fixed assets	-	56
	<u> </u>	<u> </u>

No fees were paid to the auditors for any other work.

5. Staff costs

	2010	2009
	£'000	£'000
Wages and salaries	123	118
Social security costs	15	15
Pension costs - defined contribution	10	10
	<u> </u>	<u> </u>
	148	143
	<u> </u>	<u> </u>

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

	2010	2009
	No	No
Administrative staff	2	2

Notes to the financial statements

at 30 November 2010

6. Director's emoluments

Director's emoluments have been borne by fellow group companies

7. Interest receivable

	2010 £'000	2009 £'000
Bank interest receivable	6	-
Interest receivable from group companies	28	120
	<u>34</u>	<u>120</u>

8. Tax

(a) Tax on loss on ordinary activities

The credit is made up as follows

	2010 £'000	2009 £'000
<i>Current tax</i>		
UK corporation tax	(40)	(240)
Adjustments in respect of previous years	-	(177)
Total current tax (see note 8b)	<u>(40)</u>	<u>(417)</u>

(b) Factors affecting current tax credit

The differences are reconciled below

	2010 £'000	2009 £'000
Loss on ordinary activities before taxation	<u>(404)</u>	<u>(925)</u>
Loss on ordinary activities at UK rate of 28% (2009 28%)	(113)	(259)
Other timing differences	73	19
Prior year adjustment	-	(177)
Total current tax credit	<u>(40)</u>	<u>(417)</u>

(c) Deferred tax

It is the group's policy to pay for tax losses surrendered to mitigate the profits and chargeable gains of group members for compensation equal to 100% of the value of the tax benefit

There is a potential deferred tax asset of £28,000 (2009 £46,000) relating to provisions and losses. Given that it is unlikely that there will be any suitable profits to set the asset against, these have not been recognised. The current deferred tax asset consists of £4,000 and £24,000 of short term timing differences and losses respectively (2009 £19,000 and £27,000) together with an amount of £3,354,000 (2009 £4,380,000) arising on the FRS 17 pension deficit.

Notes to the financial statements

at 30 November 2010

9. Tangible fixed assets

	<i>Leasehold property improvements</i>
Cost	
At 1 December 2009 and 30 November 2010	75
Depreciation	
At 1 December 2009 and 30 November 2010	(75)
Net Book Value	
At 30 November 2010 and 30 November 2009	-

10. Debtors

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Amounts owed by group undertakings	286	3,599
Other debtors	21	41
Prepayments and accrued income	63	61
Other taxes	11	-
	<u>381</u>	<u>3,701</u>

11. Creditors: amounts falling due within one year

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Amounts owed to group undertakings	202	55
Accruals and deferred income	94	70
Other taxes	-	9
	<u>296</u>	<u>134</u>

Notes to the financial statements

at 30 November 2010

12. Provisions for liabilities

	<i>Onerous lease £'000</i>
At 30 November 2009	2,056
Utilised in the year	(755)
	<hr/>
At 30 November 2010	1,301
	<hr/> <hr/>

The provision in respect of onerous lease obligations, including dilapidations has been reviewed in light of current market conditions and the condition of the building. Costs were expensed during the year, and the provision is expected to be utilised over the next 15 years on expiry of the lease.

13. Commitments under operating leases

At 30 November 2010 the company had annual commitments under non-cancellable operating leases as set out below

	<i>Land and buildings</i>	
	<i>2010 £'000</i>	<i>2009 £'000</i>
<i>Operating leases which expire</i>		
- in less than 2 years	480	-
- in 2 to 5 years	-	480
	<hr/>	<hr/>
	480	480
	<hr/> <hr/>	<hr/> <hr/>

14. Contingent liability

Note 17 sets out the funding obligations under the pension arrangement

HM Revenue and Customs (HMRC) has notified the company that it is challenging the trading losses of the company with regards to 2007, 2008 and 2009. The Director having taken appropriate advice from the company's tax advisors, PricewaterhouseCoopers, believes that the trading losses were correctly surrendered as group relief to another group company. Discussions with HMRC are ongoing and at this time the matter remains open. HMRC has notified the other group company that the values in question are £47,334.28 for 2007 and £112,353.37 for 2008 (both values inclusive of interest). No value has to date been notified for 2009. Any claim by HMRC is rendered towards the other group company that would then have recourse to Aqua Capital Limited.

Notes to the financial statements

at 30 November 2010

15. Share capital

			2010 £'000	2009 £'000
<i>Authorised</i>				
Ordinary shares of £1 each			30	30
			<u><u> </u></u>	<u><u> </u></u>
	2010 No	2010 £'000	2009 No	2009 £'000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	30,000	30	30,000	30

16. Reconciliation of shareholders' funds and movement on reserves

	Share capital £'000	Profit and loss account £'000	share- holders' funds £'000
At 30 November 2008	30	(1,071)	(1,041)
Actuarial (loss) on defined benefit pension scheme	-	(12,382)	(12,382)
Loss for the year	-	(508)	(508)
	<u> </u>	<u> </u>	<u> </u>
At 30 November 2009	30	(13,961)	(13,931)
Loss for the year	-	(364)	(364)
Actuarial gain on defined benefit pension scheme	-	3,534	3,534
	<u> </u>	<u> </u>	<u> </u>
At 30 November 2010	30	(10,791)	(10,761)
	<u> </u>	<u> </u>	<u> </u>

17. Pension commitments – defined benefit scheme

The company is a sponsoring employer in the Sterling Fluid Systems defined benefit pension scheme. On 5 April 2007 all active members of the pension scheme ceased to accrue further benefits and became deferred members. Employees of the participating employers were invited to join the Sterling Fluid Systems Group Pension Plan, which is a defined contribution pension arrangement.

Pension costs of the defined benefit pension scheme are assessed on the advice of an independent qualified actuary. Actuarial valuations are prepared at least triennially in accordance with regulations set out in section 222 of the Pensions Act 2004.

A full actuarial valuation was carried out as at 6 April 2009, the preliminary results of that valuation have been projected to 30 November 2010 for the purpose of providing the FRS17 valuation and disclosures required for these accounts. The scheme assets are stated at their market value at 30 November 2010.

Notes to the financial statements

at 30 November 2010

17. Pension commitments (continued)

<i>The assets and liabilities of the scheme at 30 November are as follows</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>
	<i>Company share of the scheme value £000</i>	<i>Company share of the scheme value £000</i>	<i>Company share of the scheme value £000</i>
Equities	9,783	11,824	10,457
Bonds - Corporate	-	445	250
Bonds - Government	-	-	255
Swaps	-	7,208	8,378
Property	1,299	1,249	601
Fund of Hedge Fund	5,234	-	-
Absolute return fund	6,280	-	-
Cash	438	164	1,856
Others	-	875	-
Company share of the total market value of assets	23,034	21,765	21,797
Present value of company share of scheme liabilities	(35,454)	(37,409)	(25,043)
Net Pension liability	(12,421)	(15,643)	(3,247)
		<i>2010</i>	<i>2009</i>
		<i>£000</i>	<i>£000</i>
Analysis of the amount charged to operating profit			
Current service cost		-	-
Total operating charge		-	-
Analysis of the amount charged to other finance cost			
Expected return on pension scheme assets		1,493	1,498
Interest on pension scheme liabilities		(2,027)	(1,742)
Total other finance cost		(534)	(244)
Analysis of the amount recognised in statement of total recognised gains and losses			
		<i>2010</i>	<i>2009</i>
		<i>£000</i>	<i>£000</i>
Actual return less expected return on pension scheme assets		651	(735)
Experience gains/(losses) arising on the scheme liabilities		1,298	498
Changes in assumptions underlying the present value of scheme liabilities		1,585	(12,146)
Actuarial gain /(loss)		3,534	(12,383)
Cumulative actuarial losses		(8,849)	(12,383)

Notes to the financial statements

at 30 November 2010

17. Pension commitments (continued)

Main assumptions:

	2010	2009
	%	%
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment	3 20	3 40
Discount rate	5 50	5 50
Expected rates of return on scheme assets		
Equities	6 90	7 50
Swaps	n/a	7 50
Bonds - Corporate	n/a	5 40
Bonds - Government	n/a	n/a
Properties	6 90	6 00
Cash	0 50	0 50
Others(currency)	n/a	0 50
Fund of Hedge Funds	6 90	n/a
Absolute return fund	8 00	n/a
Inflation assumption-RPI	3 20	3 40
Inflation assumption-CPI	2 70	n/a
Mortality		
Mortality - pre	PCxA00MC 1% PCxA00MC 1%	
Mortality - post	PCxA00MC 1% PCxA00MC 1%	

Changes in the present value of the defined benefit obligations are analysed as follows:

	2010	2009
	£'000	£'000
Benefit obligation at the beginning of the year	(37,409)	(25,043)
Current service cost	0	0
Interest cost	(2,027)	(1,742)
Plan participants' contributions	0	0
Actuarial losses and (gains)	1,298	498
Benefits paid	1,097	1,021
Changes in assumptions	1,585	(12,146)
Expenses	2	3
Benefit obligation at the end of the year	(35,454)	(37,409)

Changes in the fair values of plan assets are analysed as follows:

	2010	2009
	£000	£000
Fair value of plan assets at the beginning of the year	21,765	21,797
Expected return on plan assets	1,493	1,498
Actuarial gains and (losses)	651	(735)
Employer contribution	222	230
Member contributions	-	0
Benefits paid	(1,097)	(1,021)
Expenses	-	(4)

Notes to the financial statements

at 30 November 2010

Fair value of plan assets at the end of the year	23,034	21,765
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17. Pension commitments (continued)

Present value of the scheme liabilities, fair value of assets and deficit

	2010	2009	2008
	£000	£000	£000
Fair value of scheme assets	23,034	21,765	21,797
Present value of defined benefit obligation	(35,454)	(37,409)	(25,043)
Deficit in the scheme	(12,421)	(15,643)	(3,247)
Experience adjustments arising on plan liabilities	1,299	498	229
Experience adjustments arising on plan assets	651	(735)	(4,721)

Deficit funding

The trustees of the pension scheme are required by the relevant legislation to undertake triennial funding valuations of the pension scheme on the statutory scheme funding basis. The preliminary results of the 2009 triennial valuation illustrate an increase in the funding deficit of the pension scheme from the 2006 triennial valuation deficit of £9.1m to £11.9m as of April 2009.

The main assumptions were a discount rate for pre-retirement liabilities of 4.6% p.a. which were based on anticipated investment returns, deferred pension revaluations 2.8% p.a. and pension in payment increases 0-3% p.a. dependent on section of membership, and that retail price inflation would be 2.8% p.a.

Following the 2006 triennial valuation, the participating employers have agreed to pay amounts to eliminate the funding shortfall over a period of eleven years from 1 January 2007, or such shorter period should the deficit be removed earlier. Payments for the years commencing 1 January 2009 were Aqua Capital Limited £216,482 p.a. and Sterling Fluid Services Limited on behalf of all other employers' £97,468 p.a. the amounts increase annually in line with the Retail Price Index.

The participating employers, including the company, through Sterling Fluid Services Limited as principal employer of the pension scheme and the trustees are currently discussing the funding position and the capacity of the participating employers to increase payments to eliminate the deficit arising from the 2009 triennial valuation.

As previously explained the company has no additional liquidity from which existing commitments to the scheme can be increased. Accordingly, the director has commenced actions to explore all possibilities by which the company can secure an exit from its potential future obligations within the confines of its current liquidity.

18. Ultimate parent company

The company's immediate parent undertaking is Aqua Capital UK Holding BV, a company registered in The Netherlands.

The ultimate parent undertaking which heads the largest group in which these financial statements are consolidated is TBG Limited, a company incorporated in Malta. The consolidated financial statements are publicly available from Bay Street Complex, St. Georges Bay, St. Julian's STJ02, Malta.

Notes to the financial statements

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The Director regards the TB Continuity II Trust, a Cayman Island trust, as being the ultimate beneficial owner of the company