

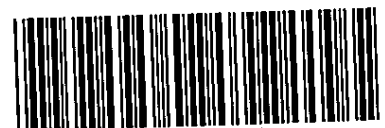
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Darwins Holdings Limited

Report and Financial Statements

30 November 2007

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COMPANIES HOUSE

Darwins Holdings Limited

Registered No 594788

Directors

P T Herron
P A Bull
J M Arnold
R McMahon
E Mohrdieck
S M Hampson

Secretary

P Bull

Auditors

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Bankers

Barclays Bank plc
UK Banking
1 Churchill Place
London
E14 5HP

Registered office

Sheffield Road
Tinsley
Sheffield
S9 1RL

Directors' report

The directors present their report and financial statements for the year ended 30 November 2007

Results and dividends

The profit for the year amounted to £358,000. The directors do not recommend the payment of any dividends.

Principal activities, review of the business and future developments

The company continues to be engaged in the manufacture of special alloy castings for markets at home and abroad.

It is anticipated that trading conditions in 2008 will continue to be competitive.

Directors

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

P T Herron
P A Bull
J M Arnold
R McMahon
E Mohrdieck
S M Hampson

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 auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors and the group's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

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

By order of the board



P Bull
Secretary

3 March 2008

Statement of directors' responsibilities in respect of the financial statements

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

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

Independent auditors' report

to the members of Darwins Holdings Limited

We have audited the company's financial statements for the year ended 30 November 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements 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.

Independent auditors' report

to the members of Darwins Holdings Limited (continued)

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 30 November 2007 and of its profit 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

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Leeds

3 March 2008

Profit and loss account

for the year ended 30 November 2007

	Notes	2007 £000	2006 £000
Turnover	2	5,672	4,483
Cost of sales		4,576	3,685
Gross profit		1,096	798
Distribution costs		197	194
Administrative expenses		393	381
Profit on ordinary activities before taxation	3	506	223
Tax on profit on ordinary activities	6	148	62
Profit for the financial year		358	161

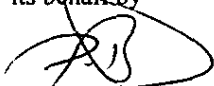
Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £358,000 attributable to the shareholders for the year ended 30 November 2007 (2006 - £161,000)

Balance sheet at 30 November 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	7	713	440
Current assets			
Stocks	8	231	291
Debtors	9	1,285	1,215
Cash		421	147
		1,937	1,653
Creditors amounts falling due within one year	10	1,513	1,318
Net current assets		424	335
Total assets less current liabilities		1,137	775
Accruals and deferred income			
Deferred government grants	11	-	12
Provisions for liabilities and charges			
Deferred taxation	6	16	-
		1,121	763
Capital and reserves			
Called up share capital	15	217	217
Revaluation reserve	16	108	108
Profit and loss account	16	796	438
Equity shareholders' funds	16	1,121	763

These financial statements were approved by the board of directors on 3 March 2008 and were signed on its behalf by



P A Bull
Director

Notes to the financial statements

at 30 November 2007

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements

Related parties transactions

The company is a wholly owned subsidiary of TBG Holdings NV, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the TBG Holdings NV group

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Freehold buildings	-	5% - 10%
Plant & machinery	-	5% - 33%

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

Notes to the financial statements

at 30 November 2007

1. Accounting policies (continued)

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, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- 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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Operating lease agreements

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

Pension costs

The company operates a defined benefit pension scheme, which requires contributions to be made to separately administered funds. Contributions are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet

Notes to the financial statements

at 30 November 2007

2. Turnover

Turnover arises from one continuing activity, the manufacture of special alloy castings, and comprises the invoice value of goods and services supplied by the company exclusive of VAT

An analysis of turnover by geographical market is given below

	2007 £000	2006 £000
United Kingdom	2,810	2,510
Europe	2,815	1,935
Rest of the World	47	38
	<u>5,672</u>	<u>4,483</u>

3. Profit on ordinary activities before taxation

This is stated after charging/(crediting)

	2007 £000	2006 £000
Auditors' remuneration - audit services	11	12
- non-audit services	<u>2</u>	<u>1</u>
Depreciation of owned fixed assets	<u>90</u>	<u>69</u>
Operating lease rentals - plant and machinery	26	23
Government grants released re fixed assets	<u>(12)</u>	<u>(15)</u>

4. Staff costs

	2007 £000	2006 £000
Wages and salaries	1,440	1,139
Social security costs	126	90
Staff pension contributions (note 17)	82	125
	<u>1,648</u>	<u>1,354</u>

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

	2007 No	2006 No
Production staff	53	44
Distribution staff	5	3
Administrative staff	4	4
	<u>62</u>	<u>51</u>

Notes to the financial statements

at 30 November 2007

5. Directors' emoluments

	2007 £000	2006 £000
Emoluments	<u>85</u>	<u>70</u>

6. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2007 £000	2006 £000
<i>Current tax</i>		
UK corporation tax	139	59
Tax over provided in previous years	(13)	-
Total current tax (note 6(b))	<u>126</u>	<u>59</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	18	3
Reversal of provision of IBAs	4	-
Tax on profit on ordinary activities	<u>148</u>	<u>62</u>

Notes to the financial statements

at 30 November 2007

6. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2006 - 30%)

The differences are reconciled below

	2007 £000	2006 £000
Profit on ordinary activities before tax	506	223
Profit on ordinary activities multiplied by the rate of tax	152	67
Non taxable income	(1)	(2)
Depreciation in excess of capital allowances	(16)	(2)
Adjustment in respect of prior year	(13)	-
Other timing differences	4	(4)
Total current tax (note 6(a))	126	59

(c) Deferred tax

The deferred tax included in the Balance Sheet is as follows

	2007 £000	2006 £000
Included in debtors (note 9)	-	6
Included in provisions for liabilities and charges	16	-
	2007 £000	2006 £000
Capital allowances in advance of depreciation	26	1
Other timing differences	(10)	(7)
Deferred tax liability/(asset)	16	(6)
		£000
At 1 December 2006		(6)
Profit and loss account movement arising during the year (note 6(a))		44
Adjustment in respect of previous year		(22)
At 30 November 2007		16

Notes to the financial statements

at 30 November 2007

7. Tangible fixed assets

	<i>Freehold Property £000</i>	<i>Plant & Machinery £000</i>	<i>Total £000</i>
Cost or valuation			
At 1 December 2006	439	1,526	1,965
Additions	8	363	371
Disposals	-	(17)	(17)
At 30 November 2007	<u>447</u>	<u>1,872</u>	<u>2,319</u>
Depreciation			
At 1 December 2006	230	1,295	1,525
Provided during the year	20	70	90
Disposals	-	(9)	(9)
At 30 November 2007	<u>250</u>	<u>1,356</u>	<u>1,606</u>
Net book value			
At 30 November 2007	<u>197</u>	<u>516</u>	<u>713</u>
At 1 December 2006	<u>209</u>	<u>231</u>	<u>440</u>

Freehold property includes land with a value of £108,000 that is not depreciated

The valuation of the land and buildings was a professional valuation, made in October 1978
On the historical cost basis, certain fixed assets would have been included as follows

	<i>£000</i>
Cost	
At 1 December 2006 and 30 November 2007	<u>165</u>
Cumulative depreciation based on cost	
At 1 December 2006	<u>(105)</u>
At 30 November 2007	<u>(114)</u>

8. Stocks

	<i>2007 £000</i>	<i>2006 £000</i>
Raw materials	45	42
Work in progress	186	249
	<u>231</u>	<u>291</u>

Notes to the financial statements

at 30 November 2007

9. Debtors

	2007 £000	2006 £000
Trade debtors	775	759
Amounts owed to group undertakings	487	430
Prepayments and accrued income	23	20
Deferred taxation (note 6)	-	6
	<u>1,285</u>	<u>1,215</u>

10. Creditors: amounts falling due within one year

	2007 £000	2006 £000
Trade creditors	1,160	965
Amounts owed to group undertakings	-	67
Corporation tax	141	65
Other taxation and social security	49	48
Accruals and deferred income	163	173
	<u>1,513</u>	<u>1,318</u>

11. Accruals and deferred income

	<i>Deferred government grants</i>	
	2007 £000	2006 £000
Balance as at 1 December	12	27
Released during the year	(12)	(15)
Balance as at 30 November	<u>-</u>	<u>12</u>

12. Commitments under operating leases

At 30 November 2007 the company had annual commitments under non-cancellable operating leases as set out below

	<i>Other than land and buildings</i>	
	2007 £000	2006 £000
Operating leases which expire		
Within one year	4	16
In two to five years	24	9
	<u>28</u>	<u>25</u>

13. Contingent liability

The company is a member of the group banking arrangement and has given an unlimited gross guarantee on the bank overdraft facilities of other group companies

14. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £ Nil for the company (2006-£256,000)

Notes to the financial statements

at 30 November 2007

15. Share capital

	2007 £000	Authorised 2006 £000
Ordinary shares of £0.01 each	2	2
Ordinary shares of £1 each	215	215
	<u>217</u>	<u>217</u>

	No	2007 £000	No	Allotted, called up and fully paid 2006 £000
Ordinary shares of £0.01 each	214,648	2	214,648	2
Ordinary shares of £1 each	214,648	215	214,648	215
		<u>217</u>		<u>217</u>

16. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total share- holders' funds £000
At 1 December 2005	217	108	277	602
Profit for the year	-	-	161	161
At 30 November 2006	217	108	438	763
Profit for the year	-	-	358	358
At 30 November 2007	<u>217</u>	<u>108</u>	<u>796</u>	<u>1,121</u>

Notes to the financial statements

at 30 November 2007

17. Pension commitments

The Company participates in the Sterling Fluid Systems defined benefit pension scheme. Pension costs 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.

The latest valuation of the Scheme was carried out at 6 April 2006. The main assumptions were a discount rate for pre-retirement liabilities of 7.5% per annum and post-retirement liabilities of 5.25% pa, which were based on anticipated investment returns, pensionable salary increases would be 4.5% per annum, deferred pension revaluations 2.75% per annum and pension in payment increases 0.3% per annum dependent on section of membership, and, retail price inflation would be 2.75% per annum.

The actuarial review at 6 April 2006 indicated that the market value of the assets of £29,939,000 was, for the purposes of the Statutory Funding Objective, sufficient to cover 93% of accrued benefits to members after allowing for expected future increases in earnings.

The participating employers have agreed to pay the following amounts to eliminate the funding shortfall over a period of ten years from 1 January 2007, or such shorter period should the deficit be removed earlier - Aqua Capital Limited £200,000 per annum plus increases in line with the Retail Price Index and Sterling Fluid Services Limited on behalf of all other employers £90,000 per annum plus increases in line with the Retail Price Index.

With effect from 1 December 2002, Sterling Fluid Systems Limited was sold from Sterling Group ownership to a company controlled by the ultimate shareholder of Sterling Group. Sterling Fluid Systems Limited changed its name to SPP Pumps Limited and continued to participate in the Sterling Fluid Systems defined benefit pension scheme.

In November 2003, the assets and business of the SPP division of SPP Pumps Limited was sold to an external party, resulting in deferred benefits being provided for the active members of that division. SPP Pumps Limited subsequently changed its name to Aqua Capital Limited.

The contribution rate of all employers was increased to 16.5% of pensionable salaries to cover benefits accruing in the future. 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.

Details of the actuarial valuation of the scheme is contained in the accounts of Sterling Fluid Services Limited. The company is unable to identify its share of the underlying assets and liabilities. In accordance with FRS 17 the following information relates to the SFS scheme at 30 November 2007.

	2007 £000	2006 £000
Total market value of assets	31,383	29,718
Present value of scheme liabilities	(35,160)	(37,861)
Pension asset before deferred tax	(3,777)	(8,143)
Related deferred tax asset	1,133	2,443
Net pension liability	<u>(2,644)</u>	<u>(5,700)</u>

Notes to the financial statements

at 30 November 2007

18. Ultimate parent company

The ultimate controlling party and ultimate parent undertaking is TBG Holdings NV, a company incorporated in Curacao, Netherlands Antilles

The immediate parent undertaking for which group financial statements are prepared, is Sterling Fluid Systems (UK Group) Limited, a company registered in England and Wales. A copy of the financial statements of the parent company can be obtained from Sterling Fluid Systems (UK Group) Limited, 3 The Stables, Howbery Park, Crowmarsh Gifford, Wallingford, Oxon OX10 8BA