

DARWINS HOLDINGS LIMITED
FINANCIAL STATEMENTS
30TH SEPTEMBER 2015



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DARWINS HOLDINGS LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

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DARWINS HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr P R Duncan
Mr R J Blackett

Registered office

Prospect Road
Crook
County Durham
DL15 8JL

Auditor

Tait Walker LLP
Chartered Accountants
& Statutory Auditor
Medway House
Fudan Way
Teesdale Park
Stockton-on-Tees
TS17 6EN

Bankers

Barclays
1 Churchill Place
London
E14 5HP

DARWINS HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

The directors present their report and the financial statements of the company for the Period from 1st December 2014 to 30th September 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Darwins is a long-standing company in Sheffield that specialises in the manufacture and supply of steel castings in low volume up to 3 tonnes finished weight to OEMs, primarily for pumps, valves and compressors

The Company had been owned by the international pump group Sterling/SIHI for more than 20 years, following the parent having been acquired by Flowserve Inc. in 2015, Darwins was acquired by the Bondshold group of foundries, being Flowserve's main foundry relationship in the UK. Accordingly the Company was purchased on 25 September 2015 from Sterling Fluid Systems (UK Group) Ltd. and consequently these accounts reflect the state of the company on acquisition. Other than for correcting provisions deemed necessary under the previous ownership, various revaluations and other beneficial changes will not be recorded until the 2016 accounts.

Despite the parlous state of the oil/gas market, Darwins has introduced new customers to Bonds and will provide important capacity to the group when the market recovers with the additional benefit of a two-year exclusive supply agreement to Flowserve.

The group website can be viewed at www.bondshold.com

PRINCIPLE RISKS AND UNCERTAINTIES

As an international business we are sensitive to exchange rates particularly US\$ and €. Fortunately both currencies are some now some 6% stronger against the £ than the average for 2015, which improves our price competitiveness. However the unanticipated decline in the oil price has apparently led to some \$200bn of oil/gas development projects being suspended with a consequential effect on our main customers, the major OEMs in flow equipment.

The biggest risk we run in 2016 is a vote to leave the EU in the June referendum. Our EU customers and competitors will not stand back as if nothing has happened, they will react against us and the UK. No one knows the extent of the damage that will be done but for sure Darwins and its jobs will be affected.

FINANCIAL PERFORMANCE

Turnover for the year, on a like-for-like basis due to a shortened financial year, was some 10% up although any upturn has yet to be discerned as a trend. However with the savings we have made since the acquisition, we anticipate returning to profit on modest growth in 2016.

FUTURE DEVELOPMENTS

With the state of the international market being in turmoil there are adversities and opportunities abounding and as we have done in recent years we hope to take net advantage of these. An example of this being the group's purchase of Darwins and our expectation is that times are increasingly favourable for acquisitions for growth.

RESULTS AND DIVIDENDS

The loss for the year on ordinary activities, net of taxation, amounted to £6,359. Sterling Fluid Systems (UK Group) Ltd. took a dividend of £854,902 in the year following a £2,872,000 reduction in the Share Premium Account. At year-end shareholders' funds were £780,013.

DARWINS HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Notwithstanding the strengthening US \$, base metal prices used in steel production have continued to fall to our advantage, and we have taken longer term fixes into the reduced prices for energy.

Our primary financing tool is invoice financing which is ideal in providing cash for growing businesses however in a downturn it is not so flexible. Whereas by design we remain lowly geared, the lack of a term facility has impacted on cash flow and we are in the process of correcting this problem.

RESEARCH AND DEVELOPMENT

Under the direction of our Group Technical Director, Trevor Machin, who is an acknowledged expert in his field, our scientific and technical approach ensures we continue to innovate and find new practices and techniques which improve our efficiency whilst adding to our range of steels. With technical assistants drawn from the Universities of Northumbria and Teesside we are currently working on rapid proto typing of sand cores. We use Magmasoft simulation software to predict the solidification of alloys and mould filling and work to improve chemical control and heat treatment to deliver castings which are stronger, more reliable, and more resistant to impact and corrosion.

EQUAL OPPORTUNITIES

The company has a policy of treating job applicants and employees in the same way, regardless of their gender, race, ethnic origin or disability. Ability and aptitude are the determining factors in the selection, training, career development and promotion of all employees.

EMPLOYEE INVOLVEMENT

The importance of promoting and maintaining good communications with the company's employees is recognised and its policy to keep employees regularly informed on matters relating to their employment through discussions, information bulletins, circulars and team briefings.

HEALTH AND SAFETY

Foundries are inherently dangerous working environments. Maintaining the highest possible standards of safety in all its operations is central to the company's philosophy. Safety Officers supports all line managers in the discharge of their responsibility for the safety of the operations they control, providing expertise and advice on regulatory compliance and best practice in all aspects of the foundry process. This safety management approach has helped to ensure minimal occurrence of incidents, while contributing to maintaining realistic insurance premiums. In the event of accidents occurring we strive to learn from any identifiable mistakes.

ENVIRONMENTAL POLICY

The products we make are essential to the operations of critical industries such as oil and gas, power and construction. Although foundries are generally thought to have an adverse effect on the environment, were it not for us manufacturing castings here in the UK, many of these would likely be manufactured in developing economy settings under much less stringent environmental control conditions.

Our processes also can be viewed as recycling as our main raw material is steel offcuts and sand is utilised several times.

With the high cost of energy and with it being a major productive input we are extremely conscious of the efficiency of its use. We participate in the Climate Change Levy rebate scheme which encourages investment in more energy efficient equipment as well as promoting process efficiency through the batching of jobs.

DARWINS HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

DIRECTORS

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

Mr R J Blackett
Mr P T Herron
Mr H Hell
Mr S M Hampson
Mr P A Bull
Mr L E Alverson
Mr K A Meehan

Mr R J Blackett was appointed as a director on 25th September 2015.

Mr L E Alverson was appointed as a director on 12th June 2015.

Mr K A Meehan was appointed as a director on 12th June 2015.

Mr P T Herron resigned as a director on 22nd September 2015.

Mr H Hell resigned as a director on 30th April 2015.

Mr S M Hampson resigned as a director on 22nd September 2015.

Mr P A Bull resigned as a director on 25th September 2015.

Mr L E Alverson resigned as a director on 25th September 2015.

Mr K A Meehan resigned as a director on 21st September 2015.

Mr P R Duncan was appointed as a director on 7th October 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' 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 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 judgements and estimates that are reasonable and prudent; 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 adequate 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.

DARWINS HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

AUDITOR

Tait Walker LLP have been re-appointed as auditor for the ensuing year in accordance with section 485 of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the directors

R J Blackett
Director



Approved by the directors on 16/6/16

DARWINS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DARWINS HOLDINGS LIMITED

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

We have audited the financial statements of Darwins Holdings Limited for the period from 1st December 2014 to 30th September 2015 set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 pages 4 to 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 (APB'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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30th September 2015 and of its loss for the Period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial Period for which the financial statements are prepared is consistent with the financial statements.

DARWINS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DARWINS HOLDINGS LIMITED *(continued)*

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Tait Walker LLP

Julie Harrison BSc(Hons) FCA (Senior Statutory Auditor)
For and on behalf of
Tait Walker LLP
Chartered Accountants & Statutory Auditor
Medway House
Fudan Way
Teesdale Park
Stockton-on-Tees
TS17 6EN

24.6.16

DARWINS HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015**

		Period from 1 Dec 14 to 30 Sep 15 £	Year to 30 Nov 14 £
TURNOVER		3,489,671	3,818,061
Other operating income	2	37,378	7,200
		3,527,049	3,825,261
OPERATING COSTS:			
Raw materials and consumables		1,193,630	1,352,017
Other external charges		762,957	936,500
Staff costs		1,571,325	1,636,296
Depreciation written off fixed assets	3	91,084	124,763
Other operating charges		227,256	246,232
OPERATING LOSS		(319,203)	(470,547)
Other provisions		300,000	—
		(19,203)	(470,547)
Interest receivable		12,844	15,470
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,359)	(455,077)
Tax on loss on ordinary activities	5	103,813	(115,594)
LOSS FOR THE FINANCIAL PERIOD		(110,172)	(339,483)

The notes on pages 10 to 18 form part of these financial statements.

DARWINS HOLDINGS LIMITED
COMPANY REGISTRATION NUMBER: 00594788
BALANCE SHEET

30th SEPTEMBER 2015

	Note	30 Sep 15 £	30 Nov 14 £
FIXED ASSETS			
Tangible assets	7	262,850	753,839
CURRENT ASSETS			
Stocks		261,613	189,878
Debtors	8	849,086	2,321,378
Cash at bank and in hand		387	233,940
		<u>1,111,086</u>	<u>2,745,196</u>
CREDITORS: Amounts falling due within one year	10	<u>593,923</u>	<u>1,354,044</u>
NET CURRENT ASSETS		<u>517,163</u>	<u>1,391,152</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>780,013</u>	<u>2,144,991</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	216,795	216,795
Share premium account	14	–	2,872,000
Revaluation reserve	15	–	108,000
Profit and loss account	16	563,218	(1,051,804)
SHAREHOLDERS' FUNDS		<u>780,013</u>	<u>2,144,991</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on 16/6/16, and are signed on their behalf by:



P R Duncan
 Director

The notes on pages 10 to 18 form part of these financial statements.

DARWINS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company has changed the presentation of its Profit and Loss Account to Companies Act format 2, the Directors consider this format to more consistent with their parent company.

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.

Recognition of sales takes place at the point of dispatch on an ex-works basis.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	-	5% - 10%
Plant and machinery	-	5% - 33%

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

DARWINS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

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

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

DARWINS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

2. OTHER OPERATING INCOME

	Period from 1 Dec 14 to 30 Sep 15 £	Year to 30 Nov 14 £
Rent receivable	6,000	7,200
Other operating income	31,378	–
	<u>37,378</u>	<u>7,200</u>

3. OPERATING LOSS

Operating loss is stated after charging:

	Period from 1 Dec 14 to 30 Sep 15 £	Year to 30 Nov 14 £
Depreciation of owned fixed assets	91,084	124,763
Net loss on foreign currency translation	67,467	26,691
	<u>158,551</u>	<u>151,454</u>

4. DIRECTORS' REMUNERATION

The directors' aggregate remuneration and other payments in respect of qualifying services were:

	Period from 1 Dec 14 to 30 Sep 15 £	Year to 30 Nov 14 £
Aggregate remuneration	92,806	–
Value of company pension contributions to money purchase schemes	6,446	–
Compensation for loss of directorship	72,200	–
	<u>171,452</u>	<u>–</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	Period from 1 Dec 14 to 30 Sep 15 No.	Year to 30 Nov 14 No.
Money purchase schemes	1	–
	<u>1</u>	<u>–</u>

DARWINS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

5. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the period

	Period from 1 Dec 14 to 30 Sep 15	Year to 30 Nov 14
	£	£
Current tax:		
UK Corporation tax based on the results for the period	-	(110,306)
Over/under provision in prior year	-	(51,000)
Total current tax	-	(161,306)
Deferred tax:		
Origination and reversal of timing differences (note 9)		
Capital allowances	(20,277)	25,213
Losses	(137,713)	-
Other	261,803	20,499
Total deferred tax (note 9)	103,813	45,712
Tax on loss on ordinary activities	103,813	(115,594)

6. DIVIDENDS

Equity dividends

	Period from 1 Dec 14 to 30 Sep 15	Year to 30 Nov 14
	£	£
Paid during the year:		
Dividends on equity shares	1,254,806	-

DARWINS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

7. TANGIBLE ASSETS

	Freehold property £	Plant and machinery £	Total £
COST OR VALUATION			
At 1st December 2014	899,309	2,148,076	3,047,385
Disposals	(899,309)	–	(899,309)
At 30th September 2015	<u>–</u>	<u>2,148,076</u>	<u>2,148,076</u>
DEPRECIATION			
At 1st December 2014	465,804	1,827,742	2,293,546
Charge for the Period	33,600	57,484	91,084
On disposals	(499,404)	–	(499,404)
At 30th September 2015	<u>–</u>	<u>1,885,226</u>	<u>1,885,226</u>
NET BOOK VALUE			
At 30th September 2015	<u>–</u>	<u>262,850</u>	<u>262,850</u>
At 30th November 2014	<u>433,505</u>	<u>320,334</u>	<u>753,839</u>

8. DEBTORS

	30 Sep 15 £	30 Nov 14 £
Trade debtors	587,791	979,474
Amounts owed by group undertakings	55,000	1,001,608
Corporation tax repayable	6,401	–
VAT recoverable	2,739	68,213
Other debtors	62,749	33,864
Deferred taxation (note 9)	134,406	238,219
	<u>849,086</u>	<u>2,321,378</u>

DARWINS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

9. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	Period from 1 Dec 14 to 30 Sep 15 £	Year to 30 Nov 14 £
Included in debtors (note 8)	<u>134,406</u>	<u>238,219</u>

The movement in the deferred taxation account during the period was:

	Period from 1 Dec 14 to 30 Sep 15 £	Year to 30 Nov 14 £
Balance brought forward	238,219	283,931
Profit and loss account movement arising during the Period	<u>(103,813)</u>	<u>(45,712)</u>
Balance carried forward	<u>134,406</u>	<u>238,219</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	30 Sep 15 £	30 Nov 14 £
Excess of taxation allowances over depreciation on fixed assets	(4,936)	(25,213)
Tax losses available	137,713	-
Other timing differences	<u>1,629</u>	<u>263,432</u>
	<u>134,406</u>	<u>238,219</u>

10. CREDITORS: Amounts falling due within one year

	30 Sep 15 £	30 Nov 14 £
Trade creditors	449,795	869,677
Other taxation and social security	66,151	-
Other creditors	<u>77,977</u>	<u>484,367</u>
	<u>593,923</u>	<u>1,354,044</u>

DARWINS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

11. COMMITMENTS UNDER OPERATING LEASES

At 30th September 2015 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	30 Sep 15 £	30 Nov 14 £
Operating leases which expire:		
Within 1 year	2,869	-
After 1 year but within 5 years	15,157	18,026
	<u>18,026</u>	<u>18,026</u>

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

During the period, the company paid director, Mr P A Bull £33,000 management fees.

13. SHARE CAPITAL

Allotted, called up and fully paid:

	30 Sep 15		30 Nov 14	
	No.	£	No.	£
Ordinary shares of £0.01 each	214,650	2,147	214,650	2,147
Deferred shares of £1 each	214,648	214,648	214,648	214,648
	<u>429,298</u>	<u>216,795</u>	<u>429,298</u>	<u>216,795</u>

Ordinary Shares and Deferred Shares confer the following rights upon their holders:

Income

Holders of Deferred Shares are not entitled to receive dividends.

Capital

In the event of a winding up, holders of Deferred Shares are entitled to received out of the assets available for distribution a sum not exceeding the amount paid for the shares as may be available after payment to the holders of Ordinary Shares the sum of £5,000 per share.

Voting

The holders of Deferred Shares have no right to receive notice of or to attend or vote at any general meeting of the company.

DARWINS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

14. SHARE PREMIUM ACCOUNT

	Period from 1 Dec 14 to 30 Sep 15 £	Year to 30 Nov 14 £
Balance brought forward	2,872,000	2,872,000
Reduction in share capital	(2,872,000)	—
Balance carried forward	<u>—</u>	<u>2,872,000</u>

On 14th September 2015, the sole shareholder approved a written resolution to reduce the share capital of the company by transferring the £2,872,000 balance on the share premium account to distributable reserves.

15. REVALUATION RESERVE

	Period from 1 Dec 14 to 30 Sep 15 £	Year to 30 Nov 14 £
Balance brought forward	108,000	108,000
Profit and loss account transfer	(108,000)	—
Balance carried forward	<u>—</u>	<u>108,000</u>

16. PROFIT AND LOSS ACCOUNT

	Period from 1 Dec 14 to 30 Sep 15 £	Year to 30 Nov 14 £
Balance brought forward	(1,051,804)	(712,321)
Loss for the financial period	(110,172)	(339,483)
Equity dividends	(1,254,806)	—
Transfer from revaluation reserve	108,000	—
Reduction in share premium account transferred to distributable reserves	2,872,000	—
Balance carried forward	<u>563,218</u>	<u>(1,051,804)</u>

DARWINS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st DECEMBER 2014 TO 30th SEPTEMBER 2015

17. ULTIMATE PARENT COMPANY

On 7th January 2015 TBG Limited, a company registered in Malta, disposed of 100% of the shares in SIHI Group BV (the group holding company of Darwin Holdings Limited) to Flowserve Corporation, a company registered in the US State of New York.

On 25th September 2015 Flowserve Corporation subsequently disposed on its entire holding in the company to Bonddarwin Limited whose parent undertaking is Bondshold Limited. The group financial statements for Bondshold Limited are publicly available from Companies House.

18. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr P R Duncan who is a director and majority shareholder of the ultimate parent undertaking, Bondshold Limited.