

**DIAMOND H CONTROLS LIMITED**  
**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**  
**30 NOVEMBER 2007**

**Company Registration Number 00730330**



**DIAMOND H CONTROLS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2007**

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**DIAMOND H CONTROLS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**

Mr S Simpson  
Mr J Tooke  
Mr A B Read  
BI Secretariat Limited

**Company secretary**

BI Nominees Limited

**Registered office**

Unit 1 First Avenue  
Maybrook Industrial Estate  
Minworth  
Sutton Coldfield  
West Midlands  
B76 1BA

**Auditors**

KPMG LLP  
Chartered Accountants  
& Registered Auditor  
2 Cornwall Street  
Birmingham  
B3 2DL

## **DIAMOND H CONTROLS LIMITED**

### **THE DIRECTORS' REPORT** *(continued)*

#### **YEAR ENDED 30 NOVEMBER 2007**

The directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 30 November 2007

#### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The Company is a wholly-owned subsidiary of BI Group Plc ("BI") and operates as part of BI Group's Specialist Engineering division

The principal activity of the Company during the year was the distribution of electrical switches, relays, electronic controls and domestic appliance controls

The Company has experienced difficult trading conditions resulting from changes in Global economic factors, however, the directors are confident that the business remains operationally and financially secure. Segmental information is presented in note 2. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not, at the date of this report, aware of any likely major changes in the Company's activities in the next year. The comparative accounting period represents the eleven months to 30th November 2006.

The Specialist Engineering division of which the Company is a part invests in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the Company, as a part of the division, in the medium to long-term future. This research and development activity has resulted in a number of updates to existing products.

As shown in the Company's profit and loss account on page 8, the Company's turnover has decreased by 18% over the prior eleven month period. Despite the decrease in turnover the year has shown a small loss for the year.

During the year the Company sold the majority of its plant and equipment to a fellow subsidiary which manufactures products for the Company.

The balance sheet on page 10 of the financial statements shows that the Company's financial position at the year end and has been strengthened from the prior period end through the issue of further share capital.

On 15 November 2007 the company increased its authorised share capital by £5m ordinary shares of £1 each. On the same day these shares were issued and fully paid.

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

BI manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing sales to its key competitors. To manage this risk, the Company strives to provide added-value products and services to its customers, prompt response times in the supply of products and services and in the handling of customer queries and maintains strong relationships with customers.

The Company operated a UK defined benefit pension plan, which is currently in deficit. The funding level of this pension plan is subject to change resulting from movements in the actuarial

## **DIAMOND H CONTROLS LIMITED**

### **THE DIRECTORS' REPORT** *(continued)*

#### **YEAR ENDED 30 NOVEMBER 2007**

assumptions underlying the calculation of plan liabilities, including changes in discount rates and increasing longevity of plan members, as well as changes in the market value of plan investments. The UK pension plan is closed to new members and deficit-reduction contributions in addition to the normal cash contributions due are being made under the terms of a payment schedule agreed with the plan Trustee. Significant changes in the actuarial assumptions underlying the UK plan valuation and the Company's share of any deficit-reduction contributions made into the plan could materially impact the Company's trading results.

The Company is financed by loans from other Group companies which have no predetermined repayment dates or interest payment arrangements.

#### **ENVIRONMENT**

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

#### **EMPLOYEES**

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company participates in policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

#### **RESULTS AND DIVIDENDS**

The directors have not recommended a dividend (period ended 30 November 2006 £Nil).

#### **THE DIRECTORS**

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

Mr S Simpson  
Mr J Tooke  
Mr A B Read  
BI Secretariat Limited

## **DIAMOND H CONTROLS LIMITED**

### **THE DIRECTORS' REPORT *(continued)***

**YEAR ENDED 30 NOVEMBER 2007**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 year

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,
- 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 disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# DIAMOND H CONTROLS LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2007

### AUDITORS

Pursuant to Section 386 of the Companies Act 1985, a resolution has been passed which results in the Company not being required to annually reappoint KPMG LLP as its auditors

Registered office  
Unit 1 First Avenue  
Maybrook Industrial Estate  
Minworth  
Sutton Coldfield  
West Midlands  
B76 1BA

Signed by order of the directors

A handwritten signature in black ink, appearing to be 'A Read', written over a horizontal line.

MR A READ  
Director

Approved by the directors on 18 September 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
DIAMOND H CONTROLS LIMITED  
YEAR ENDED 30 NOVEMBER 2007**

We have audited the financial statements of Diamond H Controls Limited 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. 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 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 AUDITORS**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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  
DIAMOND H CONTROLS LIMITED *(continued)***

**YEAR ENDED 30 NOVEMBER 2007**

**OPINION**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 November 2007 and of its loss 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

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
Registered Auditor  
2 Cornwall Street  
Birmingham  
B3 2DL

18 September 2008

**DIAMOND H CONTROLS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 NOVEMBER 2007**

	Note	Year ended 30 November 2007 £	Period ended 30 November 2006 £
<b>TURNOVER</b>	<b>2</b>	<b>3,745,715</b>	4,569,083
Cost of sales		<u>(3,028,767)</u>	<u>(3,450,871)</u>
<b>GROSS PROFIT</b>		<b>716,948</b>	1,118,212
Distribution costs		<u>(450,340)</u>	<u>(458,797)</u>
Administrative expenses		<u>(379,377)</u>	<u>(334,021)</u>
<b>OPERATING (LOSS)/PROFIT</b>	<b>3</b>	<b>(112,769)</b>	325,394
Interest payable	<b>6</b>	<u>(127,276)</u>	<u>(89,000)</u>
Other finance income/(costs)	<b>14</b>	<u>57,000</u>	<u>(52,000)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(183,045)</b>	184,394
Tax on (loss)/profit on ordinary activities	<b>7</b>	<u>-</u>	<u>-</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>(183,045)</u></b>	<b><u>184,394</u></b>

All of the activities of the Company are classed as continuing

**DIAMOND H CONTROLS LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 30 NOVEMBER 2007**

	Note	30 November 2007 £	30 November 2006 £
(Loss)/profit for the financial year		(183,045)	184,394
Actuarial gain recognised in the pension scheme	14	<u>67,000</u>	<u>593,000</u>
Total recognised (losses)/gains relating to the financial year		<u>(116,045)</u>	<u>777,394</u>

## DIAMOND H CONTROLS LIMITED


## BALANCE SHEET

30 NOVEMBER 2007

	Note	30 November 2007 £	30 November 2006 £
<b>FIXED ASSETS</b>			
Tangible assets	8	100,265	1,100,687
Investments	9	1,238	1,238
		<u>101,503</u>	<u>1,101,925</u>
<b>CURRENT ASSETS</b>			
Stocks	10	957,825	1,430,732
Debtors	11	3,543,814	4,192,460
Cash at bank and in hand		59,547	66,132
		<u>4,561,186</u>	<u>5,689,324</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(1,350,601)</u>	<u>(2,997,249)</u>
<b>NET CURRENT ASSETS</b>		<u>3,210,585</u>	<u>2,692,075</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,312,088</u>	<u>3,794,000</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	13	<u>(1,081,509)</u>	<u>(6,254,376)</u>
<b>NET ASSETS/(LIABILITIES) EXCLUDING PENSION LIABILITY</b>		<u>2,230,579</u>	<u>(2,460,376)</u>
Pension scheme liability	14	<u>(1,541,000)</u>	<u>(1,734,000)</u>
<b>NET ASSETS/(LIABILITIES) INCLUDING PENSION LIABILITY</b>		<u>689,579</u>	<u>(4,194,376)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	18	9,185,180	4,185,180
Share premium account	19	389,580	389,580
Profit and Loss Account	19	<u>(8,885,181)</u>	<u>(8,769,136)</u>
<b>EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)</b>	20	<u>689,579</u>	<u>(4,194,376)</u>

These financial statements were approved by the directors on 18 September 2008 and are signed on their behalf by

MR A READ  
DIRECTOR



The notes on pages 11 to 23 form part of these financial statements

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2007**

**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

**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 applicable accounting standards

The Company has been dependent for working capital funding upon the support of BI Group Plc and the ultimate holding company National Industries Group (Holdings) S A K in Kuwait. The directors understand that this financial support will continue, as required, for the foreseeable future and that repayment of current funding will not be requested within 12 months

Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments which would result from the basis of preparation being inappropriate

**Group accounts**

The Company is exempt by virtue of S228A(1) of the Companies Act 1985 from the requirement to prepare Group accounts. These financial statements present information about the Company as an individual undertaking and not about its group

**Cash flow statement**

The Company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of National Industries Group S A K and its cash flows are included within the consolidated cash flow statement in the financial statements of that Company, which are publicly available

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

**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

Plant & Machinery	-	From 3 to 10 years
Motor Vehicles	-	4 years

Assets in the course of construction are not depreciated

**Research and development expenditure**

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2007**

**1. ACCOUNTING POLICIES** *(continued)*

**Stocks**

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

**Leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term

**Pension costs**

From 1 January 2006 the Company contributes to employee stakeholder pension plans. The charge for the year represents amounts payable to the plans for the period. Prior to this the Company contributed to both defined contribution and defined benefit pension schemes.

The assets of the BI Group defined contribution scheme, which closed on 31 December 2005, are held separately from those of the Company in an independently administered fund.

The Company's defined benefit pension scheme provides benefits based on final pensionable pay. The scheme ceased to accrue benefits from 31 March 2004. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme deficit is recognised in full. The movement in the deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

**Taxation**

The charge for taxation is based on the profit 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 tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

**Foreign currencies**

Foreign currency transactions are translated at the rates ruling when they occurred or at rates specified in related forward foreign currency contracts. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or, if appropriate, at rates specified in related forward exchange contracts and exchange differences arising are dealt with in the profit and loss account.

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2007**

**1. ACCOUNTING POLICIES** *(continued)*

**Investments in subsidiaries**

Investments in subsidiary undertakings are stated at cost less provisions for permanent diminution in value

**2. TURNOVER**

The turnover and profit on ordinary activities before tax are attributable to the one principal activity of the Company

An analysis of turnover by geographical destination is given below

	Year ended 30 November 2007	Period ended 30 November 2006
	£	£
United Kingdom	3,095,862	3,772,700
Europe	413,459	506,686
Rest of the world	236,394	289,697
	<u>3,745,715</u>	<u>4,569,083</u>

**3. OPERATING (LOSS)/PROFIT**

Operating (loss)/profit is stated after charging

	Year ended 30 November 2007	Period ended 30 November 2006
	£	£
Depreciation of tangible fixed assets	338,173	353,984
Loss on fixed asset disposal	9,656	-
Auditors' remuneration		
- Audit of these financial statements	20,000	22,000
Operating lease costs		
Plant and equipment	20,340	19,373
Land and buildings	20,000	99,000
Research and development expenditure	-	145,518
Group management charge payable	<u>75,000</u>	<u>100,000</u>

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2007**

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the Company (including executive directors) during the financial year amounted to

	Year ended 30 November 2007	Period ended 30 November 2006
	No.	No
Warehouse staff	6	10
Administrative staff	9	12
	<u>15</u>	<u>22</u>

The aggregate payroll costs of the above were

	Year ended 30 November 2007	Period ended 30 November 2006
	£	£
Wages and salaries	471,556	460,153
Social security costs	50,416	45,483
Other pension costs	6,520	7,923
	<u>528,492</u>	<u>513,559</u>

**5. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were

	Year ended 30 November 2007	Period ended 30 November 2006
	£	£
Emoluments receivable	187,000	144,695
Company pension contributions	1,903	3,211
	<u>188,903</u>	<u>147,906</u>

The number of directors who are accruing benefits under company pension schemes were as follows

	Year ended 30 November 2007	Period ended 30 November 2006
	No.	No
Defined contribution schemes	<u>1</u>	<u>1</u>

**6. INTEREST PAYABLE AND SIMILAR INCOME**

	Year ended 30 November 2007	Period ended 30 November 2006
	£	£
On bank loans and overdrafts	<u>127,276</u>	<u>89,000</u>



**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2007**

**7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

In respect of the year

	Year ended 30 November 2007 £	Period ended 30 November 2006 £
<i>UK corporation tax</i>		
Adjustments in respect of prior years	-	-
Total current tax charge	-	-
<i>Deferred tax (note 15)</i>		
Origination/reversal of timing differences	-	-
	-	-
Tax charge on (loss)/profit on ordinary activities	-	-

*Factors affecting the tax charge for the current year*

The current tax charge for the year is lower (period ended 30 November 2006 lower) than the standard rate of corporation tax in the UK 30% (period ended 30 November 2006 30%) The differences are explained below

	Year ended 30 November 2007 £	Period ended 30 November 2006 £
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(183,045)	184,394
Current tax at 30% (period ended 30 November 2006 30%)	(54,914)	55,318
<i>Effects of</i>		
Expenses not deductible for tax purposes	690	1,382
Depreciation for year in excess of capital allowances	104,349	31,617
Increase in losses carried forward	3,846	111,685
Decrease in other timing differences	(53,971)	(200,002)
Total current tax charge (see above)	-	-

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2007**

**8. TANGIBLE FIXED ASSETS**

	<b>Plant &amp; Machinery</b> £	<b>Total</b> £
<b>COST</b>		
At 1 December 2006	4,454,399	4,454,399
Additions	31,812	31,812
Disposals	(3,474,240)	(3,474,240)
<b>At 30 November 2007</b>	<b><u>1,011,971</u></b>	<b><u>1,011,971</u></b>
<b>DEPRECIATION</b>		
At 1 December 2006	3,353,712	3,353,712
Charge for the year	338,173	338,173
Disposals	(2,780,179)	(2,780,179)
<b>At 30 November 2007</b>	<b><u>911,706</u></b>	<b><u>911,706</u></b>
<b>NET BOOK VALUE</b>		
<b>At 30 November 2007</b>	<b><u>100,265</u></b>	<b><u>100,265</u></b>
At 30 November 2006	<u>1,100,687</u>	<u>1,100,687</u>

**Capital commitments**

	<b>30 November 2007</b> £	<b>30 November 2006</b> £
Contracted but not provided for in the accounts	<u>-</u>	<u>-</u>

**9. INVESTMENTS**

	£
<b>COST</b>	
At 1 December 2006 and 30 November 2007	<u>1,238</u>
<b>NET BOOK VALUE</b>	
<b>At 30 November 2006 and 30 November 2007</b>	<b><u>1,238</u></b>

The Company owns the whole of the issued share capital of Robinson and Hudson Limited, a dormant company registered in England and Wales

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2007**

**10. STOCKS**

	30 November 2007	30 November 2006
	£	£
Raw materials	34,862	57,572
Finished goods	922,963	1,373,160
	<u>957,825</u>	<u>1,430,732</u>

**11. DEBTORS**

	30 November 2007	30 November 2006
	£	£
Trade debtors	841,635	1,113,658
Amounts owed by Group undertakings	2,631,659	2,976,768
Prepayments and accrued income	70,520	102,034
	<u>3,543,814</u>	<u>4,192,460</u>

The debtors above include the following amounts falling due after more than one year

	30 November 2007	30 November 2006
	£	£
Amounts owed by Group undertakings	1,999,698	2,912,659
Prepayments and accrued income	20,515	-
	<u>2,020,213</u>	<u>-</u>

**12. CREDITORS: Amounts falling due within one year**

	30 November 2007	30 November 2006
	£	£
Bank loans and overdraft	548,254	2,073,940
Trade creditors	163,775	171,304
Amounts owed to Group undertakings	385,716	503,831
Other taxation and social security	48,013	26,241
Other creditors	43,407	5,464
Accruals and deferred income	161,436	216,469
	<u>1,350,601</u>	<u>2,997,249</u>

**13. CREDITORS: Amounts falling due after more than one year**

	30 November 2007	30 November 2006
	£	£
Amounts owed to Group undertakings	1,081,509	6,254,376
	<u>1,081,509</u>	<u>6,254,376</u>

There are no predetermined repayment dates or interest payment arrangements applying to amounts owed to Group undertakings. However repayment will not be requested within one year.

**DIAMOND H CONTROLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 NOVEMBER 2007**

**14. PENSIONS**

The Company is a member of the defined benefit contribution pension scheme operated by a fellow group company, BI Group Plc. The Company also contributed to the Diamond H Controls Pension Plan. From 1 January 2006 a Stakeholder Pension Plan has been put in place.

**BI Group Retirement Benefit Plan**

In previous years the Company has contributed to the Group's main defined contribution pension scheme, the BI Group Retirement Benefit Plan, which closed on 31 December 2005. The assets of the scheme are held separately from those of the Company in an independently administered fund.

**Diamond H Controls Pension Plan**

The Plan is administered by trustees. The contributions are determined by independent actuaries, whose most recent draft valuation was at 31 March 2007. With effect from 31 March 2004 further benefits ceased to accrue to the members and there is no current service cost after this date.

At 30 November 2007, total contributions amounting to £Nil (30 November 2006: £Nil) were payable to the above scheme and are included within accruals.

The valuation at 31 March 2007 of the Diamond H Controls Pension Plan has been updated by the independent actuary on an FRS 17 basis as at 30 November 2007.

The major assumptions used in this valuation were:

	2007	2006	2005
Rate of increase in salaries	N/A	N/A	N/A
Rate of increase in pensions in payment	Linked to Retail Price Index Max annual pension increase		
	3% p.a.	3% p.a.	3% p.a.
Discount rate	6.2% p.a.	5.2% p.a.	4.9% p.a.
Inflation assumption	3.3% p.a.	3.1% p.a.	3.0% p.a.
Rate of increase of deferred pensions	3.3% p.a.	3.1% p.a.	3.0% p.a.

**DIAMOND H CONTROLS LIMITED**  
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**14. PENSIONS** *(continued)***Scheme Assets**

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Long term rate of return 2007	Value at 2007 £000	Long term rate of return 2006	Value at 2006 £000	Long term rate of return 2005	Value at 2005 £000
Equities	7.0%	5,893	8.0%	6,100	8.0%	3,518
Bonds	5.0%	4,256	4.3%	3,965	4.1%	6,214
Other	5.0%	57	4.3%	102	4.1%	111
		<u>10,206</u>		<u>10,167</u>		<u>9,843</u>
Present value of scheme liabilities		<u>(11,747)</u>		<u>(11,901)</u>		<u>(12,214)</u>
Deficit in the scheme		<u>(1,541)</u>		<u>(1,734)</u>		<u>(2,371)</u>

**Movement in deficit during year**

	30 November 2007 £000	30 November 2006 £000
Deficit in scheme at beginning of year	(1,734)	(2,371)
Contributions paid	69	96
Other finance income/(costs)	57	(52)
Actuarial gain	67	593
Deficit in scheme at end of year	<u>(1,541)</u>	<u>(1,734)</u>

**Analysis of amounts included in other finance costs**

	30 November 2007 £000	30 November 2006 £000
Expected return on pension scheme assets	664	487
Interest on pension scheme liabilities	<u>(607)</u>	<u>(539)</u>
	<u>57</u>	<u>(52)</u>

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**14. PENSIONS** *(continued)***Analysis of amount recognised in statement of total recognised gains and losses**

	30 November 2007	30 November 2006
	£000	£000
Actual return less expected return on scheme assets	(222)	160
Experience gains and losses arising on scheme liabilities	800	(119)
Changes in assumptions underlying the present value of scheme liabilities	(511)	552
Actuarial gain recognised in statement of total recognised gains and losses	<u>67</u>	<u>593</u>

**History of Experience Gains and Losses**

	2007	2007	2006	2006	2005	2005	2004	2004	2003	2003
	%	£000	%	£000	%	£000	%	£000	%	£000
Annual return less expected return on scheme assets		(222)		160		837		202		454
Percentage of year end scheme assets	2%		2%		9%		2%		5%	
Experience gains and (losses) arising on scheme liabilities		800		(119)		(395)		417		(77)
Percentage of present value of year end scheme liabilities	7%		1%		3%		4%		1%	
Changes in assumptions underlying the present value of scheme liabilities		(511)		552		(683)		(1,109)		(680)
Percentage of present value of year end scheme liabilities	4%		5%		6%		10%		7%	
Actuarial loss recognised in total recognised gains and (losses)		<u>67</u>		<u>593</u>		<u>(241)</u>		<u>(490)</u>		<u>(303)</u>
Percentage of present value of year end scheme liabilities	1%		5%		4%		4%		3%	

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**14. PENSIONS** *(continued)***Stakeholder Pension Plan**

With effect from 1 January 2006, the Company has contributed to employee stakeholder pension plans. The pension cost represents contributions payable by the Company to the fund and amounted to £6,520 (30 November 2006 £8,738). There was £725 (30 November 2006 £1,401) outstanding at the balance sheet date.

**15. DEFERRED TAXATION**

The elements of deferred taxation are as follows:

	30 November 2007	30 November 2006
	£	£
Difference between accumulated depreciation and capital allowances	-	79,743
UK tax losses	-	(79,743)
Deferred tax asset	<u>-</u>	<u>-</u>

The Company has unrecognised deferred tax assets of approximately £1,800,000 (30 November 2006 £2,100,000) in respect of trading losses and £188,000 (30 November 2006 £Nil) relating to capital allowances.

**16. COMMITMENTS UNDER OPERATING LEASES**

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

	<b>Assets Other Than Land and Buildings</b>		<b>Land and Buildings</b>	
	30 November 2007	30 November 2006	30 November 2007	30 November 2006
	£	£	£	£
Operating leases which expire				
Within 1 year	-	3,708	-	-
Within 2 to 5 years	20,340	15,665	-	-
	<u>20,340</u>	<u>19,373</u>	<u>-</u>	<u>-</u>

**17. CONTINGENCIES**

The Company is party to the Group's cross guarantee banking arrangements in respect of the Group's £4m term loan (30 November 2006 £7.2m) and the Group's £2.5m overdraft facility which was £Nil at the balance sheet date.

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**18. SHARE CAPITAL**

Authorised, allotted, called up and fully paid share capital:

	30 November 2007 £	30 November 2006 £
9,185,180 (2006 4,185,180) Ordinary shares of £1 each	<u>9,185,180</u>	<u>4,185,180</u>

On 15 November 2007 the Company increased its authorised share capital by £5m ordinary shares of £1 each. On the same day these shares were issued at par and fully paid in cash.

**19. MOVEMENTS ON RESERVES**

	Profit and loss account £	Share premium account £
At 1 December 2006	(8,769,136)	389,580
Loss for the financial year	(183,045)	-
Actuarial gain recognised in Recognised Gains and Losses	<u>67,000</u>	<u>-</u>
At 30 November 2007	<u>(8,885,181)</u>	<u>389,580</u>

**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	30 November 2007 £	30 November 2006 £
(Loss)/profit for the financial year	(183,045)	184,394
Issue of ordinary shares (note 18)	5,000,000	-
Actuarial gain recognised in the pension scheme during the year	<u>67,000</u>	<u>593,000</u>
Net movement in shareholders' funds	<u>4,883,955</u>	<u>777,394</u>
Equity Shareholders' funds at beginning of year	<u>(4,194,376)</u>	<u>(4,971,770)</u>
Equity Shareholders' funds at end of year	<u>689,579</u>	<u>(4,194,376)</u>

**21. RELATED PARTIES**

The Company has taken advantage of the exemption given in FRS 8 Related Party Disclosures with respect to inter group disclosures as the Group controls at least 90% of the Company's voting share capital and the Group accounts are publicly available.



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**22. ULTIMATE PARENT COMPANY**

The Company is a subsidiary undertaking of BI Group Plc. The results of the Company are consolidated in the accounts of the ultimate parent company, National Industries Group S A K incorporated in Kuwait. Copies of the financial statements of National Industries Group S A K are available from PO Box 417, 13005 Safat, Kuwait.