

**Company Registration No. 02641487**

**Whipp & Bourne Limited**

**Report and Financial Statements**

**31 December 2009**

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# **Whipp & Bourne Limited**

## **Report and financial statements 2009**

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# **Whipp & Bourne Limited**

## **Report and financial statements 2009**

### **Officers and professional advisers**

#### **Directors**

S A Peckham  
G P Martin  
G E Barnes

#### **Secretary**

G E Barnes

#### **Registered Office**

Precision House  
Arden Road  
Alcester  
Warwickshire  
B49 6HN

#### **Auditors**

Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

# **Whipp & Bourne Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

### **Results and dividends**

The audited financial statements for the year ended 31 December 2009 are set out on pages 7 to 14. The retained profit for the year amounted to £295,355,000 (nine month period ended 31 December 2008: loss of £170,961,000).

The directors do not recommend the payment of a dividend for the year (nine month period ended 31 December 2008: £nil).

### **Principal activity and review of the business**

The principal activity of the company is to act as an intermediate holding company. The directors do not expect any change in this activity in the foreseeable future.

The operating loss of £285,358,000 (nine month period ended 31 December 2008: £108,761,000) arises from a net £50,765,000 foreign exchange gain on foreign currency denominated loans payable given the strengthened pound sterling over the year, and a £336,123,000 impairment charge against the subsidiary investment in Brush Traction.

The company has received £593,018,000 of investment income with inter group loans acting as consideration.

### **Going concern**

The directors have considered the going concern assumption given the current economic climate and have reviewed the company forecasts for the foreseeable future.

After making enquiries and considering the above facts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### **Financial risk management and policies**

#### *Credit risk*

Through its activities the company is exposed to credit risk. The company's principal financial assets are receivables from fellow group undertakings.

The company's credit risk is primarily attributable to its receivables from fellow group undertakings. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available to meet obligations as they fall due, the company ensures regular communication with other group companies.

# Whipp & Bourne Limited

## Directors' report (continued)

### Directors and their interests

The directors who served throughout the year ended 31 December 2009 and thereafter are as listed on page 1. No director had any interests in the shares of the company at 31 December 2009.

### Directors' liabilities

The ultimate parent undertaking has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the year and at the date of this report.

### Auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as auditors and will be deemed to be re-appointed after the end of the next "period for appointing auditors" as defined in s485(2) of the Companies Act 2006.

Approved by the Board of Directors  
and signed on behalf of the Board



G E Barnes  
Director

11 August 2010

# **Whipp & Bourne Limited**

## **Directors' Responsibilities Statement**

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 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.

## **Independent auditors' report to the members of Whipp & Bourne Limited**

We have audited the financial statements of Whipp & Bourne Limited for the year ended 31 December 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 12. 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 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**

As explained more fully in the Directors' Responsibilities Statement, 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 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.

### **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 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

## **Independent auditors' report to the members of Whipp & Bourne Limited (continued)**

### **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



Jeremy Black (Senior Statutory Auditor)  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

*12 August* 2010



# Whipp & Bourne Limited

## Profit and loss account Year ended 31 December 2009

		Year ended 31 December 2009 £'000	Nine month period ended 31 December 2008 £'000
Exchange gain/(loss) on foreign currency denominated loans		50,765	(100,793)
Administrative expenses - exceptional items	4	-	(7,968)
Impairment of subsidiary investment	6	(336,123)	-
<b>Operating (loss) and (loss) on ordinary activities before interest and taxation</b>		<b>(285,358)</b>	<b>(108,761)</b>
Investment income		593,018	-
Net interest payable	3	(17,484)	(62,200)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>290,176</b>	<b>(170,961)</b>
Tax credit on profit/(loss) on ordinary activities	5	5,179	-
<b>Retained profit/(loss) for the financial year/period</b>	10	<b>295,355</b>	<b>(170,961)</b>

All results derive from continuing activities

## Whipp & Bourne Limited

### Statement of total recognised gains and losses Year ended 31 December 2009

	Year ended 31 December 2009 £'000	Nine month period ended 31 December 2008 £'000
Retained profit/(loss) for the year/period	295,355	(170,961)
Revaluation of foreign currency investments	(1,328)	3,056
Foreign currency translation gains/(losses) on loans matched to (losses)/gains on investments	1,328	(3,056)
<b>Total recognised gains/(losses) relating to the year/period</b>	<b>295 355</b>	<b>(170,961)</b>

# Whipp & Bourne Limited

## Balance sheet 31 December 2009

	Notes	31 December 2009 £'0 00	31 December 2008 £'000
<b>Fixed assets</b>			
Investments	6	559 378	896 829
<b>Current assets</b>			
Debtors amounts falling due within one year	7	1,016,926	367,134
Creditors amounts falling due within one year	8	(31,674)	(1,734,875)
<b>Net current assets/(liabilities)</b>		<u>985,252</u>	<u>(1,367,741)</u>
<b>Total assets less current liabilities</b>		<u>1,544,630</u>	<u>(470,912)</u>
<b>Net assets/(liabilities)</b>		<u>1,544,630</u>	<u>(470,912)</u>
<b>Capital and reserves</b>			
Called up share capital	9	1	-
Share premium	10	916,474	196,288
Profit and loss account	10	628,155	(667,200)
<b>Shareholders' funds/(deficit)</b>	10	<u>1,544,630</u>	<u>(470,912)</u>

The financial statements of Whipp & Bourne Limited, registered number 02641487, were approved by the Board of Directors on 11 August 2010

Signed on behalf of the Board of Directors



G E Barnes

Director

# **Whipp & Bourne Limited**

## **Notes to the accounts**

### **Year ended 31 December 2009**

#### **1. Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding period.

##### **Basis of preparation**

The financial statements are prepared under the historical cost convention, in accordance with applicable United Kingdom law and accounting standards, and on a going concern basis as described in the Directors' Report on page 2.

The company has taken advantage of the exemption from preparing group financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly owned subsidiary undertaking of Melrose PLC, which prepares consolidated financial statements which are publicly available.

##### **Statement of cash flows**

Under the provision of FRS 1 "Cash Flow Statements" (Revised 1996), the company has not prepared a statement of cash flows because its ultimate parent undertaking, Melrose PLC, has prepared consolidated financial statements which include the financial statements of the company and which contain a statement of cash flows.

##### **Investments**

Equity investments are recorded at cost less provision for impairment in their underlying currency amounts and translated into sterling at each year end. Any exchange gains or losses arising are taken to reserves.

##### **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 with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount on the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted by the balance sheet date.

##### **Deferred taxation**

Deferred tax is provided in accordance with FRS 19 'Accounting for Deferred Taxation', at the rate ruling on the balance sheet date on all timing differences that arise from the recognition of income and expenditure in differing years for taxation and accounting purposes.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the

# Whipp & Bourne Limited

## Notes to the accounts

### Year ended 31 December 2009

#### 1 Accounting policies (continued)

inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

#### 2 Directors' emoluments, staff costs and auditors' remuneration

The fees payable to the Company's auditors of £2,000 (nine month period ended 31 December 2008 £2,000) for the audit of the financial statements were borne by a fellow Group undertaking in both periods

The company did not have any employees in the current year or prior period

The directors were remunerated by other group companies in the current year and prior period

#### 3. Net interest payable

	Year ended 31 December 2009 £'000	Nine month period ended 31 December 2008 £'000
Interest payable on Loan from fellow group undertakings	(32,741)	(62,200)
Interest receivable on Loan to fellow group undertakings	15,257	-
	<u>(17,484)</u>	<u>(62,200)</u>

#### 4. Administrative expenses - exceptional items

	Year ended 31 December 2009 £'000	Nine month period ended 31 December 2008 £'000
Loss on sale of shares	-	(7,968)
	<u>-</u>	<u>(7,968)</u>

In the prior nine month period, the company sold a proportion of its investment in Brush Traction for a loss of £7,169,631 and a proportion of its investment in FKI Mondiale Holding BV for a loss of £798,788. The counter party to both transactions was FKI Plc

# Whipp & Bourne Limited

## Notes to the accounts Year ended 31 December 2009

### 5 Tax credit on profit/(loss) on ordinary activities

	Year ended 31 December 2009 £'000	Nine month period ended 31 December 2008 £'000
UK tax at 28% Corporation tax	-	-
Total current tax	-	-
Deferred tax	(5,179)	-
Total tax credit	(5,179)	-

The tax assessed for the year is lower than (nine month period ended 31 December 2008 lower than) the standard rate of corporation tax in the UK as explained below

	Year ended 31 December 2009 £'000	Nine month period ended 31 December 2008 £'000
Profit/(loss) on ordinary activities before taxation	290,176	(170,961)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (nine month period ended 31 December 2008 28%)	81,249	(47,869)
Effects of		
Non-deductible expenses	94,114	2,232
Non taxable income	(166,045)	-
Use of losses brought forward	(9,318)	-
Group relief surrendered for nil consideration	-	45,637
Current tax for the year/period	-	-

The tax charge in future periods may be affected by the utilisation of tax losses, which amount to an unrecognised deferred tax asset of £nil million at 31 December 2009 (31 December 2008 £8 0 million)

A deferred tax asset of £5 179,000 has been recognised during the year for the benefit of future loss utilisation

# Whipp & Bourne Limited

## Notes to the accounts Year ended 31 December 2009

### 6 Investments

	£'000
<b>Cost.</b>	
At 1 January 2009	932,677
Foreign exchange movement	(1,328)
At 31 December 2009	931,349
<b>Provision for impairment</b>	
At 1 January 2009	35,848
Impairment loss	336,123
At 31 December 2009	371,971
Net book value	
At 31 December 2009	559,378
At 31 December 2008	896,829

Following a review of the carrying value of the subsidiary investments at the year end, an impairment charge of £336,123,000 was recognised in respect of Brush Traction

Details of the subsidiaries at 31 December 2009 are as follows

Name	Nature of business	Country of incorporation or registration
Brush Traction (80%)	Holding company	England and Wales
FKI Mondiale Holding BV (80%)	Holding company	The Netherlands

### 7. Debtors amounts falling due within one year

	2009 £'000	2008 £'000
Deferred tax asset	5,179	-
Amounts owed by fellow group undertakings	1,011,747	367,134
	1,016,926	367,134

### 8 Creditors amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to fellow group undertakings	31,674	1,734,875
	31,674	1,734,875

# Whipp & Bourne Limited

## Notes to the accounts Year ended 31 December 2009

### 9 Called up share capital

	2009 £'000	2008 £'000
<b>Authorised</b>		
1,000 (2008 2) ordinary shares of £1 each	1	-
<b>Allotted, called up and fully paid</b>		
703 (2008 2) ordinary shares of £1 each	1	-

### 10. Reconciliation of shareholders' funds/(deficit) and movement in reserves

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total share- holders' funds/ (deficit) £'000
At 1 April 2008	-	196,288	(496,239)	(299,951)
Loss for the period	-	-	(170,961)	(170,961)
Revaluation of foreign investments	-	-	3,056	3,056
Exchange losses on foreign currency loans	-	-	(3,056)	(3,056)
At 31 December 2008	-	196,288	(667,200)	(470,912)
Profit for the year	-	-	295,355	295,355
Revaluation of foreign currency investments	-	-	(1,328)	(1,328)
Exchange gains on foreign currency loans	-	-	1,328	1,328
Issued in year	1	1,720,186	-	1,720,187
Reduction of share capital	-	(1,000,000)	1,000,000	-
At 31 December 2009	1	916,474	628,155	1,544,630

### 11. Related party transactions

The company is a wholly owned subsidiary of Melrose PLC, 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 Melrose group.

### 12 Ultimate parent company

The directors regard Melrose PLC, a company incorporated in Great Britain and registered in England and Wales, as the company's ultimate parent undertaking and controlling party for the year ended 31 December 2009.

The immediate parent company is FKI Engineering Limited which is registered in England and Wales.

The largest and smallest of undertakings for which group accounts have been drawn up is that headed by Melrose PLC, incorporated in Great Britain and registered in England and Wales. Copies of group financial statements can be obtained from Precision House, Arden Road, Alcester, Warwickshire B49 6HN.