

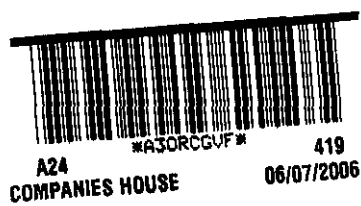
**CHESTERFIELD DUCTILE GROUP LIMITED**

**(formerly Electric Provida Limited)**

**FINANCIAL STATEMENTS**

**31 January 2006**

**Company number: 4057880**



**CHESTERFIELD DUCTILE GROUP LIMITED**

**FINANCIAL STATEMENTS**

**For the year ended 31 January 2006**

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**CHESTERFIELD DUCTILE GROUP LIMITED****COMPANY INFORMATION****31 January 2006**

<b>Company number</b>	4057880
<b>Directors</b>	Mr. N. A. Green Mr. T. A. Dexter Mr. A. J. Radford Mr. P. Lohia Mr. M. K. Jalan
<b>Secretary</b>	Mr. N. A. Green
<b>Registered Office</b>	Fusion House Smeckley Wood Close Chesterfield Trading Estate CHESTERFIELD Derbyshire S41 9PZ
<b>Auditors</b>	Grant Thornton UK LLP 2 Broadfield Court SHEFFIELD S8 0XF

**CHESTERFIELD DUCTILE GROUP LIMITED****DIRECTORS REPORT****31 January 2006**

The directors present their report and the financial statements for the period ended 31 January 2006.

**Principal activity**

The company began trading on the 1<sup>st</sup> February 2005, in Ductile Iron pipework and accessories. The directors consider the first year of trading at a loss of £388,000 to be satisfactory given that there has been a slow start to the AMP 4 spend of the water companies.

The company has extended the Yorkshire Water annual contract for a further two years and has also been awarded the Northumbrian Water annual contract.

**Directors**

Nr. N. A. Green  
Mr. T. A. Dexter (resigned 17<sup>th</sup> January 2006, with effect from 14<sup>th</sup> April 2006)  
Mr. A. J. Radford  
Mr. P. Lohia  
Mr. M. K. Jalan  
Mr. E. Bridgstock (resigned 1<sup>st</sup> February 2005)

**Joint Venture**

The company is a joint venture company between Fusion Group (Holdings) Plc (40%) and Electrosteel Castings Limited (60%).

**Share capital**

The authorised share capital is 100,000 ordinary shares of £1 each with 100,000 of these shares being allotted.

**Financial risk management objectives and policies**

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

**Interest rate risk**

The company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

**Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts and bank overdraft facilities.

**CHESTERFIELD DUCTILE GROUP LIMITED****DIRECTORS REPORT****31 January 2006****Currency risk**

The company is exposed to transaction and translation foreign exchange risk. It manages the transaction risk through hedging.

**Auditors**

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

On behalf of the board



Mr. N. A. Green  
Director  
18 April 2006

**CHESTERFIELD DUCTILE GROUP LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**31 January 2006**

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standard have been followed, subject to any material departures disclosed and explained in the final statements
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**CHESTERFIELD DUCTILE GROUP LIMITED****Report of the independent auditor to the members of Chesterfield Ductile Group Limited**

We have audited the financial statements of Chesterfield Ductile Group Limited for the year ended 31 January 2006 which comprise the profit and loss account, the balance sheet and notes 1 to 16. 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 Directors' Report and the financial statements in accordance with 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**

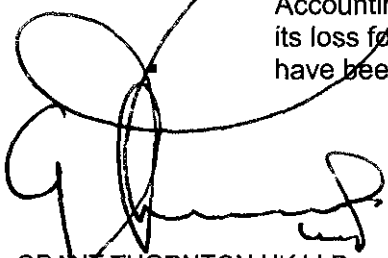
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

**CHESTERFIELD DUCTILE GROUP LIMITED****Report of the independent auditor to the members of Chesterfield Ductile Group Limited****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 31 January 2006 and of its loss for the year then ended; and  
have been properly prepared in accordance with the Companies Act 1985



GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
SHEFFIELD  
18 April 2006



**CHESTERFIELD DUCTILE GROUP LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the year ended 31 January 2006**

	Note	2006 £'000	2005 £'000
<b>Turnover</b>		3,645	-
Cost of sales		(3,250)	-
<b>Gross profit</b>		395	
<b>Net Operating expenses</b>			
Distribution costs		(166)	-
Administrative expenses		(617)	-
<b>Operating loss</b>	2	(388)	-
<b>Loss on ordinary activities before taxation</b>		(388)	-
Taxation	4	-	-
<b>Loss for the year</b>		(388)	-

All of the activities of the company are classed as continuing.

There are no recognised gains or losses other than the profit for the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

## CHESTERFIELD DUCTILE GROUP LIMITED

## BALANCE SHEET

at 31 January 2006

		2006		2005	
	Note	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible Assets	5		113		91
<b>Current Assets</b>					
Stock	6	2,713		1,296	
Debtors	7	1,528		100	
Cash at bank and in hand		81		-	
<b>Net current assets</b>			<u>4,322</u>		<u>1,396</u>
<b>Total assets</b>			<u>4,435</u>		<u>1,487</u>
Creditors: Amounts falling due within one year	8		<u>(3,197)</u>		<u>(1,387)</u>
<b>Total assets less current liabilities</b>			<u>1,238</u>		<u>100</u>
Creditors: Amounts falling due after more than one year	9		<u>(1,526)</u>		<u>-</u>
			<u>(288)</u>		<u>100</u>
<b>Capital and reserves</b>					
Called up share capital	11		100		100
Profit and loss account			<u>(388)</u>		<u>-</u>
<b>Total shareholders' funds</b>	10		<u>(288)</u>		<u>100</u>

The financial statements were approved by the board of directors on 18 April 2006 and signed on its behalf by:



Mr. N. A. Green  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

## CHESTERFIELD DUCTILE GROUP LIMITED

## CASH FLOW STATEMENT

Year ended 31 January 2006

	Notes	2006 £'000	2005 £'000
Cashflow from operating activities	12(a)	138	(9)
Capital expenditure and financial investment	12(b)	(57)	(91)
		<u>81</u>	<u>(100)</u>
Financing		-	100
		<u>81</u>	<u>-</u>
Increase in cash		<u>81</u>	<u>-</u>

**CHESTERFIELD DUCTILE GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 January 2006****1. Accounting policies****Basis of accounting**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The policies have remained unchanged from the previous year.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996).

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Operating leases**

Rentals paid under operating leases are charged to income as incurred.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax which have been enacted or substantively enacted by the balance sheet date.

**Foreign currencies**

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet.

**Retirement benefits****Defined contribution pension scheme**

The company makes contributions to various personal pension schemes. The pension cost charge represents amounts payable by the company to the schemes in respect of the year.

**Depreciation**

Depreciation is provided at rates calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, over their estimated useful lives, by equal annual instalments at the following rates:-

Plant, machinery and equipment	10% to 20%
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## CHESTERFIELD DUCTILE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 January 2006

## 2. Operating loss

Operating loss is stated after charging:	2006 £'000	2005 £'000
Auditors remuneration		
Audit services	4	-
Depreciation	35	-
Hire of plant and machinery	14	-
Vehicle leases	25	-
	<u>          </u>	<u>          </u>

## 3. Directors and employees

Staff costs including directors' emoluments:	2006 £'000	2005 £'000
Wages and salaries	518	
Social security costs	56	-
Other pension costs	20	-
	<u>          </u>	<u>          </u>
	594	-
	<u>          </u>	<u>          </u>

Average monthly number employed including executive directors:	Number	Number
----------------------------------------------------------------	--------	--------

Manufacturing	12	-
Selling and administration staff	11	-
	<u>          </u>	<u>          </u>
	23	-
	<u>          </u>	<u>          </u>

Directors' emoluments:

Emoluments	84	
Contributions to money purchase schemes	7	-
	<u>          </u>	<u>          </u>
	91	-
	<u>          </u>	<u>          </u>

## CHESTERFIELD DUCTILE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 January 2006

## 4. Taxation

Factors affecting tax charge for period.

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are explained as follows:

	2006 £'000	2005 £'000
Loss on ordinary activities before tax	(388)	-
Loss on ordinary activities multiplied by standard rate of tax in the UK of 30% (2004: 30%)	(116)	-
Effect of:		
Expenses not deductible for tax purposes	13	-
Capital allowances in excess of depreciation	(4)	-
Other timing differences	1	-
Unused tax losses carried forward	106	-
Current tax charge for the period	-	-

## 5. Tangible Fixed Assets

	Plant, Machinery and Fixtures 2006 £'000	Plant, Machinery and Fixtures 2005 £'000
<b>Cost</b>		
As at 1 February 2005	91	-
Additions	57	91
As at 31 January 2006	148	91
<b>Depreciation</b>		
As at 1 February 2005	-	-
Charge for year	35	-
As at 31 January 2006	35	-
<b>Net Book Value</b>	113	91

## CHESTERFIELD DUCTILE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 January 2006

<b>6. Stock</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Work in progress	210	228
Finished goods/goods for resale	2,503	1,068
	<u>2,713</u>	<u>1,296</u>
<b>7. Debtors</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	839	-
Amounts due from associated undertakings	438	-
Other debtors	211	100
Prepayments	40	-
	<u>1,528</u>	<u>100</u>
<b>8. Creditors: Amounts falling due within one year</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	165	1,387
Other creditors	27	-
Amounts due to group undertakings	2,348	-
Amounts due to associated undertakings	390	-
Other taxes and social security costs	61	-
Accruals	206	-
	<u>3,197</u>	<u>1,387</u>
<b>9. Creditors: Amounts falling due after more than one year</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to group undertakings	900	-
Amounts due to associated undertakings	600	-
Obligations under finance leases	26	-
Trade Creditors	<u>1,526</u>	<u>-</u>

## CHESTERFIELD DUCTILE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 January 2006

## 10. Reconciliation of movements in shareholder' funds

	2006 £'000	2005 £'000
<b>Loss for the financial period</b>	<b>(388)</b>	-
New share capital subscribed	-	99
<b>Net addition to shareholders' funds</b>	<b>(388)</b>	99
Opening shareholders' funds	100	1
<b>Closing shareholders' funds</b>	<b>(288)</b>	100

## 11. Called up share capital

	2006 Number of Shares	£'000	2005 Number of Shares	£'000
<b>Authorised</b>				
Ordinary shares of £1 each	100,000	100	100,000	100
<b>Allotted called up and fully paid</b>				
Ordinary shares of £1 each	100,000	100	100,000	100

## 12. Cash flow statement

	2006 £'000	2005 £'000
<b>(a) Reconciliation of operating profit to cashflow from operating activities</b>		
Operating loss	(388)	-
Depreciation charge	35	-
Increase in stock	(1,417)	(1,296)
Increase in debtors	(1,428)	(100)
Increase in creditors	3,336	1,387
<b>Cash flow from operating activities</b>	<b>138</b>	(9)
<b>(b) Analysis of cash flows for headings netted in the cash flow statement</b>		
<b>Capital expenditure and financial investment</b>	<b>2006 £'000</b>	<b>2005 £'000</b>
Purchase of tangible fixed assets	(57)	(91)
	<b>(57)</b>	(91)



## CHESTERFIELD DUCTILE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 January 2006

**13. Pension obligations**

The group operates money purchase pension schemes in respect of its directors, staff and employees. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the schemes and amounted to £20,000 (2005: nil). There were no prepaid or outstanding contributions at the balance sheet date.

**14. Capital commitments**

The company had capital commitments authorised but not yet contracted for of £nil (2005: nil) and expenditure contracted for of £63,000 (2005: nil)

**15. Leasing commitments**

Operating lease payments amounting to £103,000 (2005: nil) are due within one year. The leases to which these amounts relate expire as follows:

	2006 Land & Buildings £'000	2006 Other £'000	2005 Land & Buildings £'000	2005 Other £'000
In one year or less	-	4	-	-
Between one and five years	-	13	-	-
In five years and more	86	-	-	-
	<u>86</u>	<u>17</u>	<u>-</u>	<u>-</u>

**16. Derivatives**

There were no derivatives held in the accounts at 31 January 2006 or 31 January 2005.

**17. Related party transactions**

Purchases from Electrosteel Castings Limited amounted to £2,615,000 (2005:nil). Sales to Fusion Provida Limited, a 100% subsidiary of Fusion Group (Holdings) plc, amounted to £606,000 (2005:nil). There were also loans received during the year of £900,000 from Electrosteel Castings Limited and £600,000 from Fusion Group (Holdings) Plc, both of which were outstanding as at 31 January 2006.

**18. Contingent liabilities**

There were no contingent liabilities as at 31 January 2006 or 31 January 2005.

**19. Control of the company**

The controlling undertaking is considered to be Electrosteel Castings Limited, who own 60% of the shares.