

# COMPANIES HOUSE

**CHESTERFIELD DUCTILE GROUP LIMITED**

**FINANCIAL STATEMENTS**

**31 March 2007**

**Company number: 4057880**

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COMPANIES HOUSE

**CHESTERFIELD DUCTILE GROUP LIMITED**  
**FINANCIAL STATEMENTS**  
**For the 14 month period ended 31 March 2007**

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**CHESTERFIELD DUCTILE GROUP LIMITED****COMPANY INFORMATION****31 March 2007**

<b>Company number</b>	4057880
<b>Directors</b>	Mr N A Green Mr A J Radford Mr P Lohia Mr M K Jalan Mr C Hahang
<b>Secretary</b>	Mr N A Green
<b>Registered Office</b>	Ambrose Yard Broombank Road Trading Estate Broombank Road CHESTERFIELD Derbyshire S41 9QJ
<b>Auditors</b>	Grant Thornton UK LLP 2 Broadfield Court SHEFFIELD S8 0XF

**CHESTERFIELD DUCTILE GROUP LIMITED****DIRECTORS REPORT****31 March 2007**

The directors present their report and the financial statements for the period ended 31 March 2007

**Principal activity**

The company's main activity is distribution in the Ductile Iron Pipework and Accessories

**Business Review**

Chesterfield Ductile Group Limited is a manufacturer and stockist of Ductile Iron Pipes, Fittings and Accessories used in the conveyance of drinking water and dirty water. The Company's principle market is the UK water and sewage industry, supplying product either direct to the Utilities, to Contractors operating in the sector or to other Stockists and Distributors.

During the last 12 month trading period the Company has seen significant growth in its market share on the back of an increased expenditure in the industry as a result of the Water Industry AMP4 investment programme. This growth is reflected in a turnover of £12.5m compared to £3.6m in the previous period and trading profit of £392,235 compared to a loss of £388,000 in the previous period. The directors consider turnover and trading profit to be the company's Key Performance Indicators.

Further significant contract awards have also been secured during the year with amongst others Thames Water, Scottish Water and 4 Delivery on the back of service provision. The benefit of these awards will be seen in coming months.

**Directors**

The directors who served during the period and at the date of this report were

Nr N A Green (became non-executive director with effect from 1<sup>st</sup> April 2007)

Mr A J Radford

Mr P Lohia

Mr M K Jalan

Mr C Hahang (was appointed with effect from 21<sup>st</sup> September 2006)

Mr T A Dexter (resigned 14<sup>th</sup> April 2006)

**Share capital**

The authorised share capital is 100,000 ordinary shares of £1 each with 100,000 of these shares being allotted. On 31 January 2007 Electrosteel Castings Limited purchased Fusion Group (Holdings) Plc shares of 40%, and so now own 100% of Chesterfield Ductile Group Limited.

**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.

**CHESTERFIELD DUCTILE GROUP LIMITED****DIRECTORS REPORT****31 March 2007****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.

**Currency risk**

The company is exposed to transaction and translation foreign exchange risk.

**Statement of directors' responsibilities**

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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- 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 the financial statements comply with the Companies Act 1985. 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors' are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**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 A J Radford

Director

13 April 2007

## **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 period ended 31 March 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 17. 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 Directors' Report and 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 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 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.

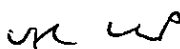
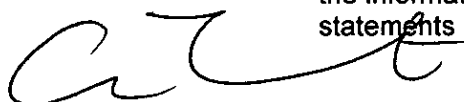
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**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 March 2007 and of its profit for the period 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



GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
SHEFFIELD  
Date 13 April 2007

**CHESTERFIELD DUCTILE GROUP LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the 14 month period ended 31 March 2007**

	Note	14 months to 31 March 2007 £'000	12 months to 31 Jan 2006 £'000
<b>Turnover</b>		<b>12,550</b>	3,645
Cost of sales		<b>(10,596)</b>	(3,250)
<b>Gross profit</b>		<b>1,954</b>	395
<b>Net Operating expenses</b>			
Distribution costs		<b>(742)</b>	(166)
Administrative expenses		<b>(820)</b>	(617)
<b>Operating profit/(loss)</b>	2	<b>392</b>	(388)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>392</b>	(388)
Taxation	4	<b>(9)</b>	-
<b>Profit/(loss for the year)</b>		<b>383</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 March 2007

		As at 31 March 2007		As at 31 Jan 2006	
	Note	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible Assets	5		205		113
<b>Current Assets</b>					
Stock	6	3,897		2,713	
Debtors	7	3,094		1,528	
Cash at bank and in hand		667		81	
<b>Net current assets</b>			7,658		4,322
<b>Total assets</b>			7,863		4,435
Creditors Amounts falling due within one year	8		(6,842)		(3,197)
<b>Total assets less current liabilities</b>			1,021		1,238
Creditors Amounts falling due after more than one year	9		(917)		(1,526)
<b>Provisions for liabilities</b>					
Deferred tax	10		(9)		-
			95		(288)
<b>Capital and reserves</b>					
Called up share capital	12		100		100
Profit and loss account			(5)		(388)
<b>Total shareholders' funds</b>	11		95		(288)

The financial statements were approved and authorised for issue by the board of directors on 13 April 2007 and signed on its behalf by

  
Mr A J Radford  
Director

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

# CHESTERFIELD DUCTILE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

### 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), as it is a wholly owned subsidiary and the accounts of the parent company are publicly available.

#### 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. Turnover is recognised when goods are dispatched to customers.

#### 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 fixtures	15% to 35%
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## CHESTERFIELD DUCTILE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

**2. Operating profit**

<b>Operating profit/(loss) is stated after charging:</b>	<b>14 months 2007 £'000</b>	<b>12 months 2006 £'000</b>
Auditors remuneration		
Audit services	5	4
Depreciation	58	35
Hire of plant and machinery	52	14
Vehicle leases	20	25
	=====	=====

**3. Directors and employees**

<b>Staff costs including directors' emoluments</b>	<b>14 months 2007 £'000</b>	<b>12 months 2006 £'000</b>
Wages and salaries	510	518
Social security costs	64	56
Other pension costs	21	20
	=====	=====
	595	594

<b>Average monthly number employed including executive directors</b>	<b>Number</b>	<b>Number</b>
Manufacturing	6	12
Selling and administration staff	15	11
	=====	=====
	21	23

**Directors' emoluments**

Emoluments	84	84
Contributions to money purchase schemes	7	7
	=====	=====
	91	91

## CHESTERFIELD DUCTILE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

## 4. Tax Note

	14 months 2007 £'000	12 months 2006 £'000
<b>a) The tax charge represents</b>		
UK corporation tax at 30% (2006 30%)	-	-
Total current tax	-	-
Origination and reversal of timing differences	9	-
	<u>9</u>	<u>-</u>
Tax on profit on ordinary activities	9	-
	=====	=====

**b) Factors affecting current tax charge**

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

	2007 £'000	2006 £'000
Profit/(loss) on ordinary activities before tax	392	(388)
	=====	=====
Profit/(loss) on ordinary activities multiplied by standard rate of tax in the UK of 30% (2006 30%)	118	(116)
Effect of		
Expenses not deductible for tax purposes	5	13
Capital allowances in excess of depreciation	(5)	(4)
Utilisation of tax losses brought forward	(117)	-
Unused tax losses carried forward	-	106
Other timing differences	(1)	1
	<u>-</u>	<u>-</u>
	=====	=====

## CHESTERFIELD DUCTILE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

## 5. Tangible Fixed Assets

	Plant, Machinery and Fixtures 31 March 2007 £'000
<b>Cost</b>	
As at 1 February 2006	148
Additions	152
Disposals	(9)
As at 31 March 2007	<u>291</u>
<b>Depreciation</b>	
As at 1 February 2006	35
Charge for year	58
Disposals	(7)
As at 31 March 2007	<u>86</u>
<b>Net Book Value at 31 March 2007</b>	<u>205</u>
Net Book Value at 31 January 2006	113

Assets in the course of construction included in the above amounted to £6,350 (2006 nil)

## 6. Stock

	31 March 2007 £'000	31 Jan 2006 £'000
Work in progress	87	210
Finished goods/goods for resale	3,810	2,503
	<u>3,897</u>	<u>2,713</u>
	=====	=====

**CHESTERFIELD DUCTILE GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 March 2007**

**7. Debtors**

	<b>31 March 2007 £'000</b>	<b>31 Jan 2006 £'000</b>
Trade debtors	3,012	839
Amounts due from associated undertakings	-	438
Other debtors	15	211
Prepayments	67	40
	<u>3,094</u>	<u>1,528</u>
	=====	=====

**8. Creditors: Amounts falling due within one year**

	<b>31 March 2007 £'000</b>	<b>31 Jan 2006 £'000</b>
Trade creditors	464	165
Other creditors	101	27
Amounts due to group undertakings	5,698	2,348
Amounts due to associated undertakings	-	390
Other taxes and social security costs	322	61
Accruals	257	206
	<u>6,842</u>	<u>3,197</u>
	=====	=====

**9. Creditors: Amounts falling due after more than one year**

	<b>31 March 2007 £'000</b>	<b>31 Jan 2006 £'000</b>
Amounts due to group undertakings	900	900
Amounts due to associated undertakings	-	600
Obligations under finance leases	17	26
	<u>917</u>	<u>1,526</u>
	=====	=====

**10. Deferred tax**

The account on the deferred taxation provision in the year was

	<b>31 March 2007 £'000</b>	<b>31 Jan 2006 £'000</b>
Provision brought forward	-	-
Profit and loss change	9	-
	<u>9</u>	<u>-</u>
	=====	=====

The provision for deferred tax consists of

	<b>£'000</b>
Accelerated timing difference	13
Other timing difference	(4)
	<u>9</u>
	=====

## CHESTERFIELD DUCTILE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

## 11. Reconciliation of movements in shareholder' funds

	31 March 2007 £'000	31 Jan 2006 £'000
Profit/(loss) for the financial period	383	(388)
New share capital subscribed	-	-
Net addition to shareholders' funds	383	(388)
Opening shareholders' funds	(288)	100
Closing shareholders' funds	95	(288)
	=====	=====

## 12. Called up share capital

	31 March 2007		31 Jan 2006	
	Number of Shares	£'000	Number of Shares	£'000
Authorised				
Ordinary shares of £1 each	100,000	100	100,000	100
	=====	=====	=====	=====
Allotted called up and fully paid				
Ordinary shares of £1 each	100,000	100	100,000	100
	=====	=====	=====	=====

## CHESTERFIELD DUCTILE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

**13. Pensions**

The company participates in a money purchase pension schemes in respect of its directors, staff and employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the schemes and amounted to £21,442 for 14 months (2006 £20,600 for 12 months). There were no prepaid or outstanding contributions at the balance sheet date.

**14. Leasing commitments**

Operating lease payments amounting to £105,000 (31 Jan 2006 £103,000) are due within one year. The leases to which these amounts relate expire as follows:

	31 March 2007 Land & Buildings £'000	31 March 2007 Other £'000	31 Jan 2006 Land & Buildings £'000	31 Jan 2006 Other £'000
In one year or less	-	-	-	4
Between one and five years	86	19	-	13
In five years and more	-	-	86	-
	<u>86</u>	<u>19</u>	<u>86</u>	<u>17</u>
	=====	=====	=====	=====

**15. Derivatives**

There were no derivatives held by the company at 31 March 2007 or 31 January 2006.

**16. Related party transactions**

On 31<sup>st</sup> January 2007 Electrosteel Castings Limited purchased Fusion Group (Holdings) plc's shares in Chesterfield Ductile Group Limited, resulting in the company becoming 100% owned by Electrosteel Castings Limited.

Purchases during the year from Electrosteel Castings Limited amounted to £7,480,350 (2006 £2,615,000). Sales to Fusion Provida Limited, a 100% subsidiary of Fusion Group (Holdings) plc for the period 1 February 2006 to 31<sup>st</sup> March 2007 amounted to £670,000 (2006 £606,000). There were no loans received during the year from Electrosteel Castings Limited. £900,000 was received during the year ended 31 January 2006 and is still outstanding as at 31<sup>st</sup> March 2007. The loan received from Fusion Group (Holdings) plc during 2006 was repaid in January 2007 and amounted to £600,000.

As a wholly owned subsidiary of Electrosteel Castings Limited, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by Electrosteel Castings Limited on the grounds that accounts are publicly available.

The ultimate parent undertaking of this company is its parent company, Electrosteel Castings Limited, which is also the company's controlling related party by virtue of its 100% ownership of the company's share capital.

**17. Contingent liabilities**

There were no contingent liabilities as at 31 March 2007 or 31 January 2006.