

Company Number: 133373

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

PERIOD ENDED 1ST APRIL 2006



WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

DIRECTORS AND ADVISERS

Directors

A J Cook CBE Chairman
K J Grayley

Secretary

M B Houghton

Registered Office

Parkway Avenue
Sheffield
S9 4UL

Auditors

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Bankers

Barclays Bank PLC
PO Box 190
1 Park Row
Leeds
LS1 5WU

Contents

Page	1	Directors and Advisers
	2-3	Directors' Report
	4	Directors' Responsibilities
	5-6	Report of the Independent Auditors
	7-8	Accounting Policies
	9	Profit and Loss Account
	10	Balance Sheet
	11-16	Notes forming part of the Financial Statements

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the period ended 1st April 2006.

1. Review of the Business

The company continued to trade in the manufacture and sale of steel castings for the general engineering markets.

The profit for the financial period amounted to £87,014 (2005: £219,266).

On 4th December 2006 the company announced the cessation of its operations at the Tow Law site. The trade will be transferred to a fellow Group company.

2. Dividends

The directors do not recommend that a dividend be paid (2005: £nil).

3. Directors

The directors at the end of the period are shown on page 1. They had no interest in the shares of the company.

Mr D L Cook resigned as company secretary on 9th September 2005. Mr M B Houghton was appointed company secretary on 12th September 2005.

Mr A J Cook's interest in the capital of the ultimate holding company is disclosed in the accounts of that company. At 1st April 2006 Mr K J Grayley held 100,000 D Ordinary shares in William Cook Holdings Limited, the ultimate holding company.

4. Employees

It is the policy of the Group to employ disabled persons wherever circumstances permit and provide normal opportunities for their training, promotion and career developments.

The company considers it important that employees are well informed on all aspects of its affairs as far as the needs of communication and financial confidentiality will allow.

5. Tangible Fixed Assets

Movements in tangible fixed assets are shown in note 6 to the accounts.

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

6. Payments to Suppliers

For all trade creditors it is the company's policy to agree the terms of payment at the start of business with that supplier. The company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

7. Political and Charitable Donations

During the period no political and charitable donations were made (2005: £nil).

8. 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.

9. Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.



29th January 2007
Sheffield

By order of the board
M B Houghton
Secretary

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 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.

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

We have audited the financial statements of William Cook Foundry (Tow Law) Limited for the period ended 1st April 2006 which comprise the Profit and Loss Account, the Balance Sheet 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

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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.

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

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.

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 1st April 2006 and of its profit for the period then ended;
- 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

29th January 2007
Leeds

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

FRS 21 'Events after the balance sheet date';

The presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and

FRS 28 'Corresponding amounts'.

The recognition and measurement requirements of FRS 17 'Retirement benefits' have also been adopted; previously only the transitional disclosures of that standard have been followed. There is no impact on the financial statements.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption.

FRS 21 superseded SSAP17, under the new standard final dividends receivable and payable are recognised only in the period in which they are declared in the annual general meeting and therefore become a liability, whereas under SSAP17 dividends were accrued for when proposed.

FRS 28 has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

Basis of Preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover is the net invoiced value of goods sold and services rendered outside the Group excluding value added tax.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are depreciated by equal annual instalments over their estimated useful lives as follows:

Plant and equipment	-	10%
Fixtures and fittings	-	20%

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

Stocks

Stocks are stated at the lower of cost and net realisable value using the first in/first out method.

Cost comprises the direct costs of production and the attributable proportion of all overheads appropriate to location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

Leases

Rentals payable under operating leases are charged to the profit and loss account in the period in which they are incurred.

Foreign Currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Differences arising on translation and on the conversion of ordinary foreign currency transactions during the period are dealt with as part of the profit on ordinary activities.

Post Retirement Benefits

The company participates in an active Group defined contribution pension scheme. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The defined benefit section of the Group's pension scheme was closed to new members in 1997. The assets of the scheme are held separately from those of the Group. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Deferred Taxation

The charge for taxation is based on the profit for the period 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 'Deferred tax'.

Cash Flow Statement

Under FRS 1 'Cash flow statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the company in its own published consolidated financial statements.

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

PROFIT AND LOSS ACCOUNT Period ended 1st April 2006

	Notes	Period Ended 1 st April 2006 £	Period Ended 2 nd April 2005 £
TURNOVER	1	1,688,580	1,545,044
Cost of sales		(1,393,955)	(1,376,633)
		<hr/>	<hr/>
GROSS PROFIT		294,625	168,411
Net operating (expenses) / income	2	(167,179)	65,021
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	127,446	233,432
Taxation	5	(40,432)	(14,166)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL PERIOD		<hr/> <hr/> 87,014	<hr/> <hr/> 219,266

There is no difference between the results as disclosed above and those stated on an historical cost basis.

There are no recognised gains and losses other than the profit for the period.

All results are derived from continuing activities.

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

BALANCE SHEET As at 1st April 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Tangible assets	6	60,094	101,734
CURRENT ASSETS			
Stocks	7	50,926	78,021
Debtors	8	950,358	876,601
Cash at bank and in hand		58,750	-
		<hr/>	<hr/>
		1,060,034	954,622
CREDITORS – Amounts falling due within one year	9	(371,844)	(386,358)
		<hr/>	<hr/>
NET CURRENT ASSETS		688,190	568,264
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		748,284	669,998
Group company loan account		(536,901)	(536,901)
PROVISIONS FOR LIABILITIES AND CHARGES	10	(3,307)	(12,035)
		<hr/>	<hr/>
NET ASSETS		208,076	121,062
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	11	50,000	50,000
Capital reserve	12	120,421	120,421
Profit and loss account	12	37,655	(49,359)
		<hr/>	<hr/>
EQUITY SHAREHOLDER'S FUNDS		208,076	121,062
		<hr/>	<hr/>

The financial statements on pages 7 to 16 were approved by the Board of Directors on 29th January 2007 and signed on its behalf by:


A J COOK
DIRECTOR

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Turnover

The company engages in only one class of business. The analysis of turnover by destination was as follows:

	2006 £	2005 £
United Kingdom	1,680,552	1,545,044
Continental Europe	8,028	-
	<hr/>	<hr/>
	1,688,580	1,545,044
	<hr/>	<hr/>

2. Net Operating Expenses / (Income)

Distribution costs	32,446	27,147
Administrative expenses		
Normal	134,733	102,832
Exceptional	-	(195,000)
	<hr/>	<hr/>
Total administrative expenses	134,733	(92,168)
	<hr/>	<hr/>
	167,179	(65,021)
	<hr/>	<hr/>

3. Staff Costs

Wages and salaries	533,781	566,629
Social security costs	48,775	49,673
Other pension costs	10,550	8,856
	<hr/>	<hr/>
	593,106	625,158
	<hr/>	<hr/>
	Number	Number
Average number employed during the period:		
Manufacturing	24	26
Sales and administration	3	3
	<hr/>	<hr/>
	27	29
	<hr/>	<hr/>

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

4. Profit on Ordinary Activities Before Taxation

The profit on ordinary activities before taxation is stated after charging:

	2006 £	2005 £
Auditors' remuneration	2,000	5,838
Depreciation	41,640	44,534
Operating lease rentals:		
Plant and machinery	6,404	10,103
Other	63,396	43,750
	<u> </u>	<u> </u>

Non audit fees paid to KPMG during the period amounted to £1,000 (2005: £nil).

5. Tax on Profit on Ordinary Activities

Current tax on profit for the period	49,160	19,998
Deferred tax (note 10):		
Current period	(8,247)	(7,482)
Adjustments relating to prior period	(481)	1,650
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	<u>40,432</u>	<u>14,166</u>

The current tax charge for the period is higher (2005: lower) than the standard rate of corporation tax in the UK (30%, 2005: 30%).

The differences are explained below:

Current tax reconciliation:

Profit on ordinary activities before tax	127,446	233,432
	<u> </u>	<u> </u>
Current tax at 30% (2005: 30%)	38,234	70,030
Effects of:		
Expenses not deductible for tax purposes	2,679	987
Waiver of inter company loan	-	(58,500)
Timing differences between capital allowances and depreciation for period	8,765	8,454
Other short-term timing differences	(518)	(973)
	<u> </u>	<u> </u>
Total current tax charge (see above)	<u>49,160</u>	<u>19,998</u>

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

6. Tangible Fixed Assets

	Plant and Equipment £
Cost:	
As at 1 st April 2006 and 2 nd April 2005	450,288
Depreciation:	
2 nd April 2005	348,554
Charge for the period	41,640
1 st April 2006	390,194
Net Book Value:	
1 st April 2006	60,094
2 nd April 2005	101,734

7. Stocks

	2006 £	2005 £
Raw materials and consumables	11,108	27,193
Work in progress	39,818	50,828
	50,926	78,021

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

8. Debtors

	2006 £	2005 £
Due within one year:		
Trade debtors	189,580	227,465
Due from group companies	729,078	633,966
Prepayments and accrued income	31,700	15,170
	<hr/>	<hr/>
	950,358	876,601
	<hr/>	<hr/>

9. Creditors

Amounts falling due within one year:

Bank overdraft	-	260
Trade creditors	68,573	109,058
Due to group companies	176,156	213,546
Corporation tax	49,160	19,998
Other taxation and social security	14,381	11,086
Accruals and deferred income	55,445	32,410
Other creditors	8,129	-
	<hr/>	<hr/>
	371,844	386,358
	<hr/>	<hr/>

10. Provisions for Liabilities and Charges

Deferred taxation:

At beginning of period	12,035	17,867
Credit for the period	(8,728)	(5,832)
	<hr/>	<hr/>
At end of period	3,307	12,035
	<hr/>	<hr/>

The elements of deferred taxation are as follows:

Difference between accumulated depreciation and amortisation and capital allowances	4,522	13,287
Other timing differences	(1,215)	(1,252)
	<hr/>	<hr/>
	3,307	12,035
	<hr/>	<hr/>

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

11. Called Up Share Capital

	2005 and 2006 Authorised £	Allotted and Fully Paid £
Ordinary shares of £1 each	50,000	50,000

12. Capital and Reserves

	Share Capital £	Capital Reserve £	Profit & Loss A/C £	Total £
At 2 nd April 2005	50,000	120,421	(49,359)	121,062
Profit for the financial period	-	-	87,014	87,014
At 1 st April 2006	50,000	120,421	37,655	208,076

13. Capital Commitments

There were no contracted capital commitments at the period end.

14. Operating Lease Commitments

Annual commitments under non-cancellable operating leases which expire:

	2006 £	2005 £
Within one year	-	18,229
Within two to five years	70,000	-
	70,000	18,229

15. Contingent Liabilities

As part of the Group's banking arrangements, there are cross guarantees in place between the company and its ultimate holding company and certain fellow subsidiary undertakings. Under the terms of the inter-creditor agreement bank borrowings and facilities of £15,135,000 (2005: £34,064,000) are guaranteed.

WILLIAM COOK FOUNDRY (TOW LAW) LIMITED

16. Pension Commitments

The company participates in a Group funded pension scheme with two classes of members; a defined benefit section and a defined contribution section. The assets are held separately from those of the Group.

Defined Benefit Section

The company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17, the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme. The company's contribution for the period was £5,444 (2005: £4,965).

The latest full actuarial valuation was carried out at 5th April 2003 and was updated for FRS 17 purposes to 1st April 2006 by a qualified actuary. This shows a surplus for the Group scheme of £25,000. Full disclosure of the valuation is presented in the consolidated financial statements.

Defined Contribution Section

The pension cost for the period represents contributions payable by the company to the scheme and amounted to £4,269 (2005: £3,891).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

17. Related Party Transactions

Under FRS 8 'Related party disclosures' the company is exempt from the requirements to disclose related party transactions with the William Cook Group, on the grounds that it is a wholly owned subsidiary of William Cook Holdings Limited.

18. Post Balance Sheet Event

On 4th December 2006 the company announced the cessation of its operations at the Tow Law site. The trade will be transferred to a fellow Group company.

19. Ultimate Holding Company

The ultimate holding company is William Cook Holdings Limited, a company registered in England and Wales.