

Company Registration Number 324456

Russell Ductile Castings Limited

Report and Financial Statements

31 March 2008

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Russell Ductile Castings Limited

Registered No: 324456

Directors

A M Gibbs
A Vicary
T M Hair
M J T Bache

Secretary

M J T Bache

Auditors

Ernst & Young LLP
No.1 Colmore Square
Birmingham
B4 6HQ

Bankers

HSBC Bank plc
8 Stephenson Place
New Street
Birmingham
B2 4NH

Registered office

Chuckery Road
Walsall
West Midlands
WS1 2DU

Directors' report

The directors present their report and financial statements for the year ended 31 March 2008.

Results and dividends

The profit for the year after taxation amounted to £501,567 (2007 - profit of £38,876). The directors recommend a final dividend of £500,000 (2007 - £nil).

Principal activity and review of the business

The company's principal activity during the year was the manufacture and sale of iron castings.

Key performance indicators

The key performance indicators ("KPIs") used to monitor business performance during the year were as follows:

<i>KPI</i>	<i>Year ended 31 March 2008</i>	<i>Year ended 31 March 2007</i>
Return on sales	3.2%	(1.4%)
Return on net assets	38.4%	(6.0%)
Sales per employee	91,787	88,313

Return on sales is calculated from profit on ordinary activities before tax divided by turnover for the year. Return on net assets is calculated from profit on ordinary activities before tax divided by the net assets of the business excluding cash, corporation tax, deferred tax and inter-company non-trading balances, at the year end. Sales per employee is calculated from the sales divided by the average number of employees for the year.

Principal risks and uncertainties

The significant risks and uncertainties are set out below.

The price of many raw materials is dependent upon movements in commodity prices, especially iron. In order to reduce its exposure to movements in raw material prices the company negotiates, where appropriate, price surcharge arrangements in to its customer contracts.

In common with other industrial businesses the company is subject to risks associated with the environment. The company manages these risks by continual review of its processes to identify opportunities for improvement, whilst ensuring that the conditions of its site operating licences are met or exceeded at all times.

Directors and their interests

The directors who served the company during the year and subsequently were as follows:

A M Gibbs (appointed 21 May 2007)
P R McCarney (appointed 22 May 2007 and resigned 8 May 2008)
A Vicary
T M Hair
M J T Bache

The company is a wholly owned subsidiary of Chamberlin plc and the interests of the group directors are disclosed in the financial statements of the parent company.

TM Hair, MJT Bache and A Vicary were also directors of the parent company during the year

No director had any interest in any contract with the company during the year except for service agreements.

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



A. Gibbs
Director

31/07/08

Statement of directors' responsibilities

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). 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 those 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Independent auditors' report

to the members of Russell Ductile Castings Limited

We have audited the company's financial statements for the year ended 31 March 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 20. 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 Annual Report and the financial statements in accordance with applicable 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 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 Russell Ductile Castings 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 2008 and of its profit 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.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Birmingham

1st August 2008

Profit and loss account

for the year ended 31 March 2008

	Notes	2008 £	2007 £
Turnover	2	19,458,865	17,309,418
Cost of sales		16,703,981	15,124,306
Gross profit		2,754,884	2,185,112
Distribution costs		783,846	699,237
Administrative expenses		1,245,508	1,211,194
Exceptional items	4	-	(538,887)
Operating profit/(loss)	3	725,530	(264,206)
Loss on sale of fixed assets		(312)	(50,044)
Interest payable		(98,466)	-
Profit/(loss) on ordinary activities before taxation		626,752	(314,240)
Taxation (charge)/credit	7	(125,185)	353,126
Profit for the financial year	15	501,567	38,886

There are no recognised gains or losses other than as shown above.

Balance sheet

at 31 March 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	8	3,661,109	3,114,817
Current assets			
Stocks	9	2,313,665	2,268,425
Debtors	10	5,903,185	4,804,212
Deferred tax asset	13	182,069	55,521
Cash at bank and in hand		1,138	477
		<u>8,400,057</u>	<u>7,128,635</u>
Creditors: amounts falling due within one year	11	10,428,239	8,612,092
Net current liabilities		<u>(2,028,182)</u>	<u>(1,483,457)</u>
Total assets less current liabilities		<u>1,632,927</u>	<u>1,631,360</u>
Creditors: amounts falling due after more than one year	12	(17,000)	(17,000)
		<u>1,615,927</u>	<u>1,614,360</u>
Capital and reserves			
Called up share capital	14	36,000	36,000
Profit and loss account	15	1,579,927	1,578,360
Shareholders' funds	15	<u>1,615,927</u>	<u>1,614,360</u>

These financial statements were approved by the directors on 31 July 2008 and are signed on their behalf by:

AM Gills.

Director

Notes to the financial statements

at 31 March 2008

1. Accounting policies

Basis of accounting

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

Statement of cash flows

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax and duty.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	21 months to 50 years straight line
Plant and machinery	-	21 months to 10 years straight line
Fixtures and fittings	-	21 months to 10 years straight line
Motor vehicles	-	20% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Inventories are valued at the lower cost and net realisable value, which is arrived at as follows:

Raw materials	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	where detailed individual product costing information is available, actual cost of direct materials and labour plus attributable overheads based on a normal level of activity but excluding borrowing costs.

Where considered appropriate and in the absence of detailed individual product costing information, cost of finished goods and work in progress is arrived at from selling price less the calculated margin on the products concerned.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the financial statements

at 31 March 2008

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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 date of the transaction.

All differences are taken to the profit and loss account.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

Various pension schemes are operated by the holding company for the Chamberlin Group. These schemes include defined benefit and defined contribution schemes, with the assets held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and consequently in accordance with FRS 17 paragraph 9(b) the company is required to account for pension costs as if the scheme were a defined contribution scheme.

The company operates a defined contribution pension scheme for employees. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable and contributions actually paid are shown on either accruals or prepayments in the balance sheet.

Notes to the financial statements

at 31 March 2008

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2008 £	2007 £
United Kingdom	18,151,891	15,729,180
Europe	670,362	793,000
Rest of world	636,612	787,238
	<u>19,458,865</u>	<u>17,309,418</u>

3. Profit on ordinary activities before taxation

This is stated after charging:

	2008 £	2007 £
Auditors' remuneration - audit services	30,000	26,000
	<u>30,000</u>	<u>26,000</u>
Depreciation of owned fixed assets	380,316	330,288
Loss/(profit) on disposal of fixed assets	312	50,044
	<u>380,628</u>	<u>380,332</u>
Operating lease rentals - land and buildings	217,500	217,500
- plant and equipment	108,108	92,423
	<u>325,608</u>	<u>309,923</u>

4. Exceptional costs

	2008 £	2007 £
Loss on disposal of fixed assets	-	237,156
Severance costs	-	90,284
Other reorganisation costs	-	211,447
	<u>-</u>	<u>538,887</u>

Notes to the financial statements

at 31 March 2008

5. Directors' emoluments

	2008 £	2007 £
Emoluments	175,266	208,714
Company contributions paid to money purchase schemes	11,025	15,747
	<i>No.</i>	<i>No.</i>
Members of money purchase schemes	2	3

The amounts in respect of the highest paid director are as follows:

	2008 £	2007 £
Emoluments	104,532	91,662
Company contributions paid to money purchase pension schemes	7,988	5,372

6. Staff costs

	2008 £	2007 £
Wages and salaries	5,961,455	5,270,416
Social security costs	582,190	648,364
Other pension costs	216,418	227,289
	6,760,063	6,136,759

The average monthly number of employees during the year was as follows:

	2008 <i>No.</i>	2007 <i>No.</i>
Administration	15	13
Manufacturing	185	170
Distribution	2	3
Management	10	10
	212	196

Notes to the financial statements

at 31 March 2008

7. Tax

(a) Tax on profit on ordinary activities

The tax charge/ (Credit) is made up as follows:

	2008 £	2007 £
<i>Current tax:</i>		
UK corporation tax on the profit/ (loss) for the year	251,733	-
Under /(over) provision in prior year	-	(224,000)
Total current tax charge/ (credit) (note7(b))	251,733	(224,000)
<i>Deferred tax:</i>		
Movement in the year	(45,529)	(129,126)
Amount over provided in prior years	(81,019)	-
Total deferred tax charge/ (credit) (note 13)	(126,548)	(129,126)
Total tax charge/ (Credit) for year	125,185	(353,126)

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is higher (2007 - lower) than the standard rate of corporation tax in the UK of 30% (2007 - 30%). The differences are explained below:

	2008 £	2007 £
Profit/(loss) on ordinary activities before tax	626,752	(314,240)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	188,025	(94,272)
<i>Effects of:</i>		
Depreciation in excess of capital allowances	-	157,473
Capital allowances in excess of depreciation	58,534	-
Expenses not deductible for tax purposes	5,174	1,200
Group relief	-	(57,470)
Other timing differences	-	(6,931)
Current tax for the year (note7(a))	251,733	-

(c) Further to measures announced in the UK Parliament, the standard rate of corporation tax in the UK will reduce from 30% to 28% as of 1 April 2008. The accounts reflect this change for the purposes of calculating deferred tax.

Notes to the financial statements

at 31 March 2008

8. Tangible fixed assets

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 April 2007	2,118,547	1,662,752	134,377	3,915,676
Additions	69,622	861,292	23,300	954,214
Disposals	-	-	(45,658)	(45,658)
At 31 March 2008	2,188,169	2,524,044	112,019	4,824,232
Depreciation:				
At 1 April 2007	50,708	710,680	39,471	800,859
Provided during the year	61,118	291,273	27,925	380,316
Disposals	-	-	(17,958)	(17,958)
At 31 March 2008	111,826	1,001,953	49,438	1,163,217
Net book value:				
At 31 March 2008	2,076,343	1,522,091	62,581	3,661,015
At 1 April 2007	2,067,839	952,072	94,906	3,114,817

Included in Land and buildings is land which is not depreciated. The net book value at 31 March 2008 was £ 173,339 (2007 - £173,339).

9. Stocks

	2008	2007
	£	£
Raw materials and consumables	635,180	581,053
Work in progress	1,124,346	1,125,480
Finished goods	554,139	561,892
	2,313,665	2,268,425

10. Debtors

	2008	2007
	£	£
Trade debtors	3,766,914	3,059,176
Amounts owed by group undertakings	1,747,415	1,713,023
Other debtors	23,853	4,380
Prepayments and accrued income	365,003	27,633
	5,903,185	4,804,212

Notes to the financial statements

at 31 March 2008

11. Creditors: amounts falling due within one year

	2008	2007
	£	£
Bank Overdraft	2,180,658	680,237
Trade creditors	2,914,439	2,693,433
Amounts owed to group undertakings	4,224,547	4,210,613
Corporation tax	251,733	13,934
Other taxation and social security	465,179	387,431
Other creditors	103,366	320,784
Accruals and deferred income	288,318	305,660
	<u>10,428,239</u>	<u>8,612,092</u>

12. Creditors: amounts falling due after more than one year

	No.	2008 £	No.	2007 £
4.2% preference shares of £1 each	17,000	<u>17,000</u>	17,000	<u>17,000</u>

13. Deferred taxation

The movement in the deferred taxation asset during the year was:

	2008 £	2007 £
(Asset)/provision brought forward	(55,521)	73,605
Profit and loss movement arising during the year	(126,548)	(129,126)
	<u>(182,069)</u>	<u>(55,521)</u>

Notes to the financial statements

at 31 March 2008

14. Share capital

	<i>Authorised</i>	
	<i>2008</i>	<i>2007</i>
	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	3,000	3,000
Deferred ordinary shares of £1 each	33,000	33,000
	<u>36,000</u>	<u>36,000</u>

	<i>Allotted, called up and fully paid</i>	
	<i>2008</i>	<i>2007</i>
	<i>No.</i>	<i>No.</i>
	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	3,000	3,000
Deferred ordinary shares of £1 each	33,000	33,000
	<u>36,000</u>	<u>36,000</u>

15. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 April 2006	36,000	1,539,484	1,575,484
Profit for the year	–	38,876	38,876
At 31 March 2007	<u>36,000</u>	<u>1,578,360</u>	<u>1,614,360</u>
Profit for the year	–	501,567	501,567
Dividend declared and paid	–	(500,000)	(500,000)
At 31 March 2008	<u>36,000</u>	<u>1,579,927</u>	<u>1,615,927</u>

16. Capital commitments

	<i>2008</i>	<i>2007</i>
	<i>£</i>	<i>£</i>
Contracted but not provided for in the financial statements	15,953	184,870

17. Contingencies

The company together with its parent undertaking has given an unlimited interlocking guarantee to HSBC Bank Plc in respect of overdraft facilities of certain group undertakings. At 31 March 2008 these amounted to £1,275,765 (2007 - £1,415,182).

Notes to the financial statements

at 31 March 2008

18. Other financial commitments

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	2008		2007	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire:				
within one year		4,365	-	1,512
in two to five years			217,500	
after more than 5 years	217,500			
	<u>217,500</u>	<u>4,365</u>	<u>217,500</u>	<u>1,512</u>

19. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the group.

20. Ultimate parent undertaking and controlling party

The directors consider the ultimate parent undertaking to be Chamberlin plc, a company incorporated in England. The results of Russell Ductile Castings Limited and its fellow subsidiaries have been consolidated within the financial statements of Chamberlin plc. Copies of these financial statements may be obtained from the company secretary at Chuckery Road, Walsall, West Midlands WS1 2DU.