

## **Russell Ductile Castings Limited**

Report and Financial Statements

Year ended

31 March 2012

Company number 00324456

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# **Russell Ductile Castings Limited**

## **Annual report and financial statements for the year ended 31 March 2012**

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### **Directors**

T M Hair  
M J T Bache

### **Registered office**

Chuckery Road, Walsall, West Midlands, WS1 2DU

### **Company number**

00324456

### **Auditors**

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

### **Bankers**

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

# Russell Ductile Castings Limited

## Report of the directors for the year ended 31 March 2012

The Directors present their report together with the audited financial statements for the year ended 31 March 2012

### Results and dividends

The profit for the year after taxation amounted to £761,002 (2011 - £218,941) The directors recommended and paid an interim dividend of £500,000 (2011 - £300,000)

No final dividend (2011 - £nil) is recommended

### Principal activities and business review

The company's principal activity during the year was the manufacture and sale of iron castings. A specialist in manufacturing complex castings of between 100kg and 6,000kg, Russell Ductile operates from a site in Scunthorpe, supplying a wide range of industries. The foundry has seen a robust recovery in demand which started in the prior year.

In October 2010, a major contract win was announced, worth £1.4m, with a UK manufacturer to supply castings for specialist compressors which were exported to a natural gas installation in Asia. Although this contract was completed during the current financial year, other new sales opportunities are expected to further boost turnover during the coming year.

The company intends to build upon the improved performance in 2012.

### Key performance indicators

The Key Performance Indicators ("KPIs") used to monitor business performance were as follows:

	2012	2011
KPI		
Return on sales	5.4%	2.4%
Return on net assets	13.7%	4.5%
Operating profit per employee	£5,650	£2,449

The directors are satisfied that the KPIs reflect the improvements made to the Group during the year.

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 net assets, excluding cash, corporation tax, deferred tax and inter-company non-trading balances, at the year end.

Operating profit per employee is calculated from the operating profit for the year divided by the average number of employees for the year.

### Research and Development

Research and development activities consist primarily of devising methods for achieving the manufacture of thick wall ADI castings. Internal resource has been incurred but not capitalised in the current year. Expenditure capitalised in prior years is shown in note 9 to the accounts.

# **Russell Ductile Castings Limited**

## **Report of the directors for the year ended 31 March 2012 (continued)**

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### **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

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant

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**

The directors who served the company during the year were as follows

J Ford (resigned 27 January 2012)  
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 and MJT Bache 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' liabilities**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

### **Going concern**

The company is dependent upon continuing financial assistance being made available by its parent, Chamberlin plc, to enable it to continue operating and meeting its liabilities as they fall due. The finance and support function is available for a period of at least twelve months after the date of these financial statements and has been confirmed in writing to the directors and the directors believe that it is therefore appropriate to prepare financial statements on a going concern basis

# **Russell Ductile Castings Limited**

## **Report of the directors for the year ended 31 March 2012 (continued)**

### **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 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 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 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 to 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.

### **Disclosure of information to the auditors**

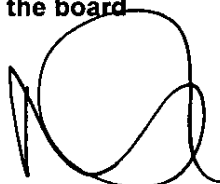
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Auditors**

Ernst & Young LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

**M Bache  
Director**



21 June 2012

# **Russell Ductile Castings Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF RUSSELL DUCTILE CASTINGS LIMITED**

We have audited the financial statements of Russell Ductile Castings Limited for the period ended 31 March 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 22. 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 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 March 2012 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 matter 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.

# Russell Ductile Castings Limited

## Independent auditor's report (*continued*)

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### 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

*Ernst & Young LLP*

Susan Broughton (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham

*25<sup>th</sup> June 2012.*

# Russell Ductile Castings Limited

## Profit and loss account for the year ended 31 March 2012

	Note	2012 £	2011 £
<b>Turnover</b>	2	<b>11,776,167</b>	9,099,941
Cost of sales		<b>(10,063,063)</b>	(7,852,668)
<b>Gross profit</b>		<b>1,713,104</b>	1,247,273
Distribution costs		<b>(230,158)</b>	(162,607)
Administrative expenses		<b>(861,397)</b>	(869,124)
<b>Operating profit</b>	3	<b>621,549</b>	215,542
Profit/ (loss) on sale of fixed assets		<b>698</b>	(2,441)
Interest receivable		<b>10,543</b>	3,840
<b>Profit on ordinary activities before taxation</b>		<b>632,790</b>	216,941
Tax on profit on ordinary activities	6	<b>128,212</b>	2,000
<b>Profit for the financial year</b>		<b>761,002</b>	218,941

All of the activities of the company are classed as continuing

The notes on pages 9 to 20 form part of these financial statements



# **Russell Ductile Castings Limited**

## **Statement of total recognised gains and losses for the year ended 31 March 2012**

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	<b>Note</b>	<b>2012 £</b>	<b>2011 £</b>
Profit for the financial year	17	<b>761,002</b>	218,941
Capital contribution	16	<b>282,337</b>	-
		<hr/>	<hr/>
Total recognised gains and losses		<b>1,043,339</b>	218,941
		<hr/>	<hr/>

The notes on pages 9 to 20 form part of these financial statements

# Russell Ductile Castings Limited

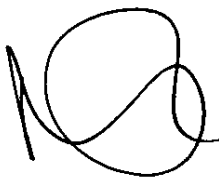
## Balance sheet at 31 March 2012

Company no. 00324456

	Note	2012 £	2012 £	2011 £	2011 £
<b>Fixed assets</b>					
Tangible assets	8		3,839,547		3,695,689
Intangible assets	9		37,400		57,800
			<u>3,876,947</u>		<u>3,753,489</u>
<b>Current assets</b>					
Stocks	10	928,293		726,238	
Debtors	11	2,868,470		2,561,823	
Debtors amounts falling due after more than one year	11	-		2,378,646	
Cash at bank and in hand		311,265		15,442	
		<u>4,108,028</u>		<u>5,682,149</u>	
<b>Creditors amounts falling due within one year</b>	12	<u>(6,043,676)</u>		<u>(6,321,753)</u>	
<b>Net current liabilities</b>			<u>(1,935,648)</u>		<u>(639,604)</u>
<b>Total assets less current liabilities</b>					<u>3,113,885</u>
<b>Creditors amounts falling due more than one year</b>	13		-		<u>(1,732,925)</u>
<b>Net assets</b>			<u>1,941,299</u>		<u>1,380,960</u>
<b>Capital and reserves</b>					
Called up share capital	15		53,000		36,000
Profit and loss account	16		1,888,299		1,344,960
<b>Equity shareholders' funds</b>	17		<u>1,941,299</u>		<u>1,380,960</u>

These financial statements were approved by the directors on 21 June 2012 and are signed on their behalf by

M Bache  
Director



The notes on pages 9 to 20 form part of these financial statements

# Russell Ductile Castings Limited

## Notes to the financial statements for the year ended 31 March 2012

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### 1 Accounting policies

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006, on a going concern basis

The company is dependent upon continuing financial assistance being made available by its parent, Chamberlin plc, to enable it to continue operating and meeting its liabilities as they fall due. The finance and support function is available for a period of at least twelve months after the date of these financial statements and has been confirmed in writing to the directors and the directors believe that it is therefore appropriate to prepare financial statements on a going concern basis

#### *Cash flow statement*

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements, which include a group cashflow

#### *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

#### *Research and development*

Research costs are expensed as incurred

Development costs are treated as intangible assets and are amortised over their estimated economic lives of 5 years. Other research and development costs are written off as incurred

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

#### *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 property	- 2% straight line
Plant and machinery	- 10 - 20% straight line
Fixtures and fittings	- 10 - 20% 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

# Russell Ductile Castings Limited

## Notes to the financial statements for the year ended 31 March 2012 (*continued*)

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### 1 Accounting policies (*Continued*)

#### **Stock**

Inventories are valued at the lower of 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

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

#### **Operating lease agreements**

Rentals incurred under operating leases are charged against the profit and loss account as they are incurred. The company has no finance leases.

#### **Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- Provision is made for tax on 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.

# **Russell Ductile Castings Limited**

## **Notes to the financial statements for the year ended 31 March 2012 (continued)**

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### **1 Accounting policies (Continued)**

#### ***Foreign currencies***

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange 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

#### ***Pension costs***

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.

# Russell Ductile Castings Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	2012 £	2011 £
United Kingdom	10,512,924	7,815,816
Europe	505,908	365,259
Rest of World	757,335	918,866
	<u>11,776,167</u>	<u>9,099,941</u>

### 3 Operating profit

This is stated after charging the following

	2012 £	2011 £
Auditors' remuneration – as auditors	24,650	19,000
Depreciation of owned fixed assets	360,614	325,397
Amortisation of development costs	20,400	20,400
Operating leases - plant and machinery	35,649	56,529
	<u></u>	<u></u>

# Russell Ductile Castings Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 4 Staff costs

	2012 £	2011 £
Wages and salaries	3,110,256	2,657,777
Social security costs	306,892	271,622
Pension	22,053	23,582
	<u>3,439,201</u>	<u>2,952,981</u>

The average monthly number of persons employed by the company, including Directors during the year was

	2012 Number	2011 Number
Manufacturing	97	76
Administration	5	5
Sales	3	2
Management	5	5
	<u>110</u>	<u>88</u>

### 5 Directors' remuneration

	2012 £	2011 £
Directors' emoluments	87,222	107,502
Company contribution to pension scheme	6,194	7,210
	<u>93,416</u>	<u>114,712</u>
Number of directors, who are members of the company's defined contribution schemes	<u>1</u>	<u>1</u>

T M Hair and M J T Bache received no remuneration as directors of the Company. They are employed by Chamberlin plc, the ultimate parent company and their remuneration is disclosed in the Annual Report of that company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

# Russell Ductile Castings Limited

## Notes to the financial statements for the year ended 31 March 2012 (*continued*)

### 6 Taxation

#### a) Analysis of tax charge on ordinary activities:

	2012 £	2011 £
<i>UK Corporation tax</i>		
Current tax on profits for the year	(28,374)	(50,620)
Adjustment in respect of prior years	3,624	-
	<hr/>	<hr/>
Total current tax	(24,750)	(50,620)
	<hr/>	<hr/>
<i>Deferred tax</i>		
Movement in the year	(108,795)	24,609
Adjustment in respect of prior years	(25,903)	3,138
Effects of change in corporation tax rates	31,236	20,873
	<hr/>	<hr/>
Total deferred tax	(103,462)	48,620
	<hr/>	<hr/>
Total tax (credit)	(128,212)	(2,000)
	<hr/>	<hr/>

#### b) Factors affecting tax charge for the current year

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK 26% (2011 28%)

The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	632,790	216,941
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26% (2011 28%)	164,525	60,743
Effects of		
Expenses not deductible for tax purposes	21,191	15,513
Capital allowances in (excess)/ deficit of depreciation	(94,079)	(24,609)
Transfer pricing adjustment	(120,011)	(102,267)
Adjustment to tax charges in respect of previous periods	3,624	-
	<hr/>	<hr/>
Current tax charge for the year	(24,750)	(50,620)
	<hr/>	<hr/>



# Russell Ductile Castings Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 7 Dividends

	2012 £	2011 £
Dividends on Ordinary shares		
Interim dividend of £9 43 per share (2011 – £100 per share)	500,000	300,000

### 8 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost:</b>				
As at 1 April 2011	2,507,029	3,820,774	84,903	6,412,706
Additions	159,632	289,538	60,054	509,224
Disposals	-	-	(29,709)	(29,709)
	<u>2,666,661</u>	<u>4,110,312</u>	<u>115,248</u>	<u>6,892,221</u>
At 31 March 2012				
<b>Depreciation:</b>				
As at 1 April 2011	534,432	2,113,144	69,441	2,717,017
Charge for the year	71,501	276,842	12,271	360,614
Disposals	-	-	(24,957)	(24,957)
	<u>605,933</u>	<u>2,389,986</u>	<u>56,755</u>	<u>3,052,674</u>
<b>Net book value:</b>				
At 31 March 2012	<u>2,060,728</u>	<u>1,720,326</u>	<u>58,493</u>	<u>3,839,547</u>
At 31 March 2011	<u>1,972,597</u>	<u>1,707,630</u>	<u>15,462</u>	<u>3,695,689</u>

Included in land and buildings is land which is not depreciated. The cost at 31 March 2012 was £173,339 (2011 - £173,339)

#### Capital commitments

At the year end the Company had capital commitments of £28,351 (2011 - £nil)

# Russell Ductile Castings Limited

## Notes to the financial statements for the year ended 31 March 2012 (*continued*)

### 9 Intangible assets

	Development expenditure £
<b>Cost:</b>	
<b>At 1 April 2011 and 31 March 2012</b>	<b>102,000</b>
<b>Amortisation:</b>	
At 1 April 2011	44,200
Charge for the year	20,400
<b>At 31 March 2012</b>	<b>64,600</b>
<b>Net book value:</b>	
<b>At 31 March 2012</b>	<b>37,400</b>
At 31 March 2011	57,800

### 10 Stocks

	2012 £	2011 £
Raw materials	230,406	193,709
Work in progress	595,355	532,529
Finished goods	102,532	-
	<b>928,293</b>	<b>726,238</b>

The replacement cost of stocks is not materially different from the amount shown above

# Russell Ductile Castings Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 11 Debtors

	2012 £	2011 £
Amounts receivable within one year		
Trade debtors	2,377,468	2,200,861
Prepayments and accrued income	40,820	38,892
Deferred tax (note 14)	374,812	271,350
Group relief receivable	46,996	50,620
Corporation tax	28,374	-
Other debtors	-	100
	<b>2,868,470</b>	<b>2,561,823</b>
Amounts receivable after more than one year		
Amounts owed by group undertakings	-	2,378,646
Total debtors	<b>2,868,470</b>	<b>4,940,469</b>

### 12 Creditors amounts falling due within one year

	2012 £	2011 £
Trade creditors	2,203,314	1,505,592
Amounts owed to group undertakings	3,426,723	4,343,533
Other taxation & social security	274,847	311,420
Accruals and deferred income	138,792	161,208
	<b>6,043,676</b>	<b>6,321,753</b>

### 13 Creditors amounts falling due after more than one year

	2012 £	2011 £
Amounts owed to group undertakings	-	1,715,925
17,000 4 2% preference shares of £1 each	-	17,000
	<b>-</b>	<b>1,732,925</b>

# Russell Ductile Castings Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 14 Deferred taxation

The movement in the deferred taxation provision during the year was

	2012 £	2011 £
Asset brought forward	(271,350)	(319,970)
Profit and loss movement arising during the year	(108,795)	24,609
Adjustment in respect of prior years	(25,903)	3,138
Effects of change in corporation tax rates	31,236	20,873
	<u>          </u>	<u>          </u>
Asset carried forward (note 11)	(374,812)	(271,350)
	<u>          </u>	<u>          </u>

The asset for deferred taxation consists of the effect of timing differences in respect of

	2012 Provided £	2012 Un-provided £	2011 Provided £	2011 Un-provided £
Capital allowances in excess of depreciation	(186,409)	-	(270,848)	-
Other temporary differences	(1,136)	-	(502)	-
Trading losses carried forward	(187,267)	-	-	177,421
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	(374,812)	-	(271,350)	177,421
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Deferred tax has been calculated at the rate expected to apply at the time at which timing differences are forecast to reverse, based on tax rates which have been substantively enacted at the balance sheet date

The Corporation tax rate fell from 28% for the year ended 31 March 2011 to 26% for the year ended 31 March 2012. The Corporation tax rate will fall to 24% from 1 April 2012, a rate change which was substantively enacted on 26 March 2012. The Chancellor has announced progressive reductions to 22% in corporation tax rates, with a 1% fall from 1 April 2013 and a further 1% fall from 1 April 2014 but these changes have not been substantively enacted. It is not anticipated that the subsequent reductions to 22%, once substantively enacted, will have a material effect on the Company's future current or deferred tax charges.

# Russell Ductile Castings Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 15 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	53,000	3,000
Deferred ordinary shares of £1 each	-	33,000
	<u>53,000</u>	<u>36,000</u>

During the year, 33,000 Deferred Ordinary shares of £1 and 17,000 Preference Shares of £1 each were converted and divided into an additional 50,000 Ordinary Shares of £1 each to rank pari passu with the 3,000 existing Ordinary Shares of £1 each

### 16 Profit and loss account

	2012 £	2011 £
Balance brought forward	1,344,960	1,426,019
Profit for the year	761,002	218,941
Dividends declared and paid	(500,000)	(300,000)
Capital contribution	282,337	-
	<u>1,888,299</u>	<u>1,344,960</u>

### 17 Reconciliation of movements in total shareholders' funds

	2012 £	2011 £
Profit for the financial year	761,002	218,941
Interim dividend declared and paid	(500,000)	(300,000)
	<u>261,002</u>	<u>(81,059)</u>
Preference shares treated as debt converted to Ordinary shares	17,000	-
Capital contribution	282,337	-
	<u>560,339</u>	<u>(81,059)</u>
Net addition/(deduction) to total funds	560,339	(81,059)
Opening shareholders' funds	1,380,960	1,462,019
	<u>1,941,299</u>	<u>1,380,960</u>

# Russell Ductile Castings Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 18 Contingencies

The company, together with its holding company and fellow subsidiaries, has given an unlimited multi lateral guarantee to HSBC Bank Plc, in respect of overdraft facilities of each of the companies. The borrowings of the holding company and relevant fellow subsidiaries at 31 March 2012 amounted to £1,558,008 (2011 £4,223,917)

### 19 Pensions

The company participates in various Chamberlin Group pension schemes, in which assets are held independently, including a defined benefit scheme which was closed to future accrual with effect from 30 November 2007 and an ongoing defined contribution scheme. All future liabilities in relation to the defined benefit scheme are the liabilities of the parent company and no further costs of liabilities will be recognised in these accounts.

No contributions are made to the defined benefit scheme and amounts unpaid to the defined contribution scheme at year end were £3,205 (2011 - £4,835)

### 20 Commitments under operating leases

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Other operating leases	
	2012 £	2011 £
Operating leases which expire		
Within one year	35,379	26,638
Between two and five years	23,586	-
After five years	-	-
	<hr/>	<hr/>
	58,965	26,638
	<hr/>	<hr/>

### 21 Related party transactions

The Company has taken advantage of the exemption in FRS 8 as a wholly owned subsidiary not to disclose details of related party transactions with other group companies. There were no other related party transactions requiring disclosure under FRS 8.

### 22 Ultimate parent company

The ultimate holding company is 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.