

DIAMOND H CONTROLS LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED
30 NOVEMBER 2010

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COMPANIES HOUSE

Company No. 00730330

DIAMOND H CONTROLS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2010

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DIAMOND H CONTROLS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr J Tooke
Mr A B Read (resigned 1 October 2010)
Mr A Rodger (appointed 13 July 2011)
Mr D McDougall (appointed 13 July 2011)
BI Secretariat Limited

Company secretary

BI Nominees Limited

Registered office

Unit 1 First Avenue
Maybrook Industrial Estate
Minworth
Sutton Coldfield
West Midlands
B76 1BA

Auditors

Grant Thornton UK LLP
Chartered Accountants and Registered Auditor
Enterprise House
115 Edmund Street
Birmingham
B3 2HJ

DIAMOND H CONTROLS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2010

The directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 30 November 2010

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company is a wholly-owned subsidiary of BI Group Plc ("BI") and operates as part of BI Group's Specialist Engineering division

The principal activity of the Company during the year was the design, development and distribution of electrical and gas controls for the domestic cooking appliance industry

There have not been any significant changes in the Company's principal activities in the year under review

The directors are considering an option whereby during 2011 the Company may assign the design realisation and distribution of Electrical and Gas controls to an associated third party, in a low cost geographical region and subsequently issue an exclusive intellectual property manufacturing licence. This proposed action will maintain and strengthen the competitiveness of the Diamond H Controls Limited's products and generate an ongoing stream of royalty income for the Company, thereby moving it out of a loss making position.

The current trading conditions remain difficult however the increasing requirement for European Style Appliances from emerging markets has generated an increased demand for our core products.

The focus on rebuilding our customer base, coupled with the strong demand for our products has generated new business opportunities with major OEM's in Turkey and Asia. These markets will continue to be developed with projected increases in market share with both existing core product and newly developed control during 2011.

Further market penetration within the European, Asian and Turkish markets, supported by the launch of innovative new controls will provide sustainable growth and re-establish the company as a leading Global controls manufacturer.

The directors are confident that the business remains operationally and financially secure and the opportunities for global growth in core business areas remain strong.

There have been no significant events since the balance sheet date which should be further considered in understanding these financial statements.

BI manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

RESEARCH AND DEVELOPMENT

The Specialist Engineering division, of which the Company is a part, invests in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the Company, as a part of the division medium to long-term future.

DIAMOND H CONTROLS LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 NOVEMBER 2010**

Research and new product development continued during the year with the targeted launch of a new Thermoelectric Gas Control and enhancements of the Electrical Energy Regulator for 2011

Innovations, blue sky ideas and technical innovations will provide the backbone and foundations to grow the Company at a sustainable and affordable pace, enhancing our market share with strategically formed OEM alliances

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing sales to its key competitors. To manage this risk, the Company strives to provide added-value products and services to its customers with prompt response times in the supply of its products and services and in the handling of customer queries and maintains strong relationships with customers

The Company operated a UK defined benefit pension plan which is currently in deficit. The funding level of this pension plan is subject to change resulting from movements in the actuarial assumptions underlying the calculation of plan liabilities, including changes in discount rates and increasing longevity of plan members, as well as changes in the market value of plan investments. The UK pension plan is closed to new members and deficit-reduction contributions in addition to the normal cash contributions due are being made under the terms of a payment schedule agreed with the plan Trustee. Significant changes in the actuarial assumptions underlying the UK plan valuation and the Company's share of any deficit-reduction contributions made into the plan could materially impact the Company's trading results

The Company is financed by loans from other Group companies which have no predetermined repayment dates or interest payment arrangements

ENVIRONMENT

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

The Company participates in policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters

DIAMOND H CONTROLS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2010

RESULTS AND DIVIDENDS

The directors have not recommended a dividend (2009 £Nil)

THE DIRECTORS

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

Mr J Tooke
Mr A B Read (resigned 1 October 2010)
Mr A Rodger (appointed 13 July 2011)
Mr D McDougall (appointed 13 July 2011)
BI Secretariat Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK 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 year.

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 adequate 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 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.

DIAMOND H CONTROLS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS *(continued)*

In so far as each of the directors are aware

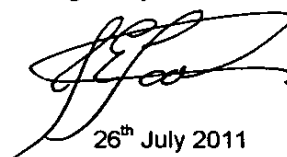
- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, a resolution has been passed which results in the Company not being required to annually re-appoint Grant Thornton UK LLP as its auditors

Registered office
Unit 1 First Avenue
Maybrook Industrial Estate
Minworth
Sutton Coldfield
West Midlands
B76 1BA

Signed by order of the directors



26th July 2011

MR J TOOKE
Director

Approved by the directors on

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DIAMOND H CONTROLS LIMITED**

YEAR ENDED 30 NOVEMBER 2010

We have audited the financial statements of Diamond H Controls Limited for the year ended 30 November 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. 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 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, 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 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

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 30 November 2010 and of its loss 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DIAMOND H CONTROLS LIMITED *(continued)***

YEAR ENDED 30 NOVEMBER 2010

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

Grant Thornton - UK LLP

Kathryn Godfree
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

Date *2 August 2011*

DIAMOND H CONTROLS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 NOVEMBER 2010

	Note	2010 £	2009 £
TURNOVER	2	1,851,868	1,938,717
Cost of sales		<u>(1,650,610)</u>	<u>(2,036,891)</u>
GROSS LOSS		201,258	(98,174)
Distribution costs		<u>(148,267)</u>	<u>(269,138)</u>
Administrative expenses		<u>(498,337)</u>	<u>(487,657)</u>
OPERATING LOSS	3	(445,346)	(854,969)
Interest payable	6	<u>(18,948)</u>	<u>(64,346)</u>
Other finance expense	14	<u>(223,000)</u>	<u>(180,000)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(687,294)	(1,099,315)
Tax on loss on ordinary activities	7	<u>(201,841)</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(889,135)</u>	<u>(1,099,315)</u>

All of the activities of the Company are classed as continuing

The notes on pages 11 to 24 form part of these financial statements.

DIAMOND H CONTROLS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 30 NOVEMBER 2010

	Note	2010 £	2009 £
Loss for the financial year		(889,135)	(1,099,315)
Actuarial gain/(loss) recognised in the pension plan	14	<u>322,000</u>	<u>(2,259,000)</u>
Total recognised losses relating to the financial year		<u>(567,135)</u>	<u>(3,358,315)</u>

The notes on pages 11 to 24 form part of these financial statements.

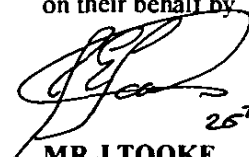
DIAMOND H CONTROLS LIMITED

BALANCE SHEET

30 NOVEMBER 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	8	30,569	49,357
Investments	9	<u>1,238</u>	<u>1,238</u>
		31,807	50,595
CURRENT ASSETS			
Stocks	10	250,228	307,555
Debtors due within one year	11	519,888	829,092
Debtors due after one year	11	-	1,165,128
Cash at bank and in hand		<u>60,731</u>	<u>17,755</u>
		830,847	2,319,530
CREDITORS: Amounts falling due within one year	12	<u>(422,463)</u>	<u>(1,516,119)</u>
NET CURRENT ASSETS		408,384	803,411
TOTAL ASSETS LESS CURRENT LIABILITIES		440,191	854,006
CREDITORS: Amounts falling due after more than one year	13	<u>(1,535,094)</u>	<u>(1,203,474)</u>
NET LIABILITIES EXCLUDING PENSION LIABILITY		(1,094,903)	(349,468)
Pension plan liability	14	<u>(3,645,700)</u>	<u>(3,824,000)</u>
NET LIABILITIES INCLUDING PENSION LIABILITY		(4,740,603)	(4,173,468)
CAPITAL AND RESERVES			
Called-up equity share capital	18	9,185,180	9,185,180
Share premium account	19	389,580	389,580
Profit and loss account	19	<u>(14,315,363)</u>	<u>(13,748,228)</u>
SHAREHOLDER'S DEFICIT	20	(4,740,603)	(4,173,468)

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by


26TH JULY 2011
MR J TOOKE
DIRECTOR

Company No 00730330

The notes on pages 11 to 24 form part of these financial statements.

DIAMOND H CONTROLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2010

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of accounting

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

The Company and its fellow UK based subsidiaries of NIG (Guernsey) Limited (together "the Companies") are dependent for their working capital on funds provided to it by the Proclad UK companies which have provided the Companies with an undertaking that for at least 12 months from the date of approval of these financial statements they will continue to make available such funds as are needed by the Companies and, in particular, will not seek repayment of any amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments which would result from the basis of preparation being inappropriate.

Group financial statements

The Company is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Cash flow statement

The Company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of National Industries Group (Holding) S.A.K. and its cash flows are included within the consolidated cash flow statement in the financial statements of that Company, which are publicly available.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced by the Company in respect of goods sold during the year excluding Value Added Tax. The Company's policy is to recognise a sale when substantively all the risks and rewards in connection with the goods have been passed to the buyer.

DIAMOND H CONTROLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & Machinery - From 3 to 10 years

Assets in the course of construction are not depreciated

Research and development expenditure

Development expenditure is capitalised as an internally generated intangible asset only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits. All other research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

From 1 January 2006 the Company has contributed to employee stakeholder pension plans. The charge for the year represents amounts payable to the plans for the period. Prior to this the Company contributed to both defined contribution and defined benefit pension schemes.

The assets of the BI Group defined contribution scheme, which closed on 31 December 2005, are held separately from those of the Company in an independently administered fund.

The Company's defined benefit pension scheme provides benefits based on final pensionable pay. The scheme ceased to accrue benefits from 31 March 2004. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme deficit is recognised in full. The movement in the deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

DIAMOND H CONTROLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Taxation

The charge for taxation is based on the loss for the year 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.

Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred or at rates specified in related forward foreign currency contracts. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or, if appropriate, at rates specified in related forward exchange contracts and exchange differences arising are dealt with in the profit and loss account.

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provisions for permanent diminution in value.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated on a straight line basis.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

DIAMOND H CONTROLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2010

2. TURNOVER

The turnover and loss on ordinary activities before tax are attributable to the one principal activity of the Company

An analysis of turnover by geographical destination is given below

	2010	2009
	£	£
United Kingdom	1,182,451	1,322,108
Europe	669,417	439,901
Rest of the world	-	176,708
	<u>1,851,868</u>	<u>1,938,717</u>

3. OPERATING LOSS

Operating loss is stated after charging

	2010	2009
	£	£
Depreciation of tangible fixed assets	19,145	24,718
Auditors' remuneration		
- Audit of these financial statements	21,000	21,000
Operating lease costs		
Plant and equipment	9,706	20,928
Group management charge payable	<u>70,000</u>	<u>60,000</u>

4. PARTICULARS OF EMPLOYEES

The average monthly number of staff employed by the Company (including executive directors) during the financial year amounted to

	2010	2009
	No.	No.
Warehouse staff	-	-
Administrative staff	<u>7</u>	<u>9</u>
	<u>7</u>	<u>9</u>

DIAMOND H CONTROLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2010

4. PARTICULARS OF EMPLOYEES (continued)

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	275,657	322,767
Social security costs	26,430	33,163
Other pension costs	9,829	8,110
	<u>311,916</u>	<u>364,040</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2010	2009
	£	£
Emoluments receivable	91,593	164,066
Company pension contributions	4,623	4,071
	<u>96,216</u>	<u>168,137</u>

The number of directors who are accruing benefits under Company pension schemes were as follows

	2010	2009
	No	No
Defined contribution schemes	<u>2</u>	<u>2</u>

6. INTEREST PAYABLE

	2010	2009
	£	£
On bank loans and overdrafts	18,948	9,512
Other finance costs	-	54,834
	<u>18,948</u>	<u>64,346</u>

DIAMOND H CONTROLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2010

7. TAX ON LOSS ON ORDINARY ACTIVITIES

In respect of the year

	2010 £	2009 £
<i>UK corporation tax</i>		
Adjustment in respect of prior years	201,841	-
Total current tax charge	201,841	-
<i>Deferred tax (note 15)</i>		
Origination/reversal of timing differences	-	-
Effect of change in taxation rate	-	-
Total charge on loss on ordinary activities	201,841	-

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2009 lower) than the standard rate of corporation tax in the UK 28.00% (2009 28.00%). The differences are explained below

	2010 £	2009 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(687,294)	(1,099,315)
Current tax at 28.00% (2009 28.00%)	(194,442)	(307,808)
<i>Effects of</i>		
Expenses not deductible for tax purposes	678	866
Depreciation for year in excess of capital allowances	5,361	(36,881)
Increase in losses carried forward	108,563	314,025
Decrease in other timing differences	37,800	(162)
Increase in FRS17 provision	40,040	29,960
Adjustment in respect of prior years	201,841	-
Total current tax charge (see above)	201,841	-

DIAMOND H CONTROLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2010

8. TANGIBLE FIXED ASSETS

	Plant & Machinery £
COST	
At 1 December 2009	1,009,543
Additions	357
At 30 November 2010	<u>1,009,900</u>
DEPRECIATION	
At 1 December 2009	960,186
Charge for the year	19,145
At 30 November 2010	<u>979,331</u>
NET BOOK VALUE	
At 30 November 2010	<u>30,569</u>
At 30 November 2009	<u>49,357</u>

9. INVESTMENTS

	£
COST	
At 1 December 2009 and 30 November 2010	<u>1,238</u>
NET BOOK VALUE	
At 30 November 2009 and 30 November 2010	<u>1,238</u>

The Company owns the whole of the issued share capital of Robinson and Hudson Limited, a dormant company registered in England and Wales

10. STOCKS

	2010 £	2009 £
Finished goods	<u>250,228</u>	<u>307,555</u>

DIAMOND H CONTROLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2010

11. DEBTORS DUE WITHIN ONE YEAR

	2010	2009
	£	£
Trade debtors	223,282	274,018
Amounts owed by Group undertakings	278,059	338,990
Prepayments and accrued income	11,125	14,243
Other debtors	7,422	-
Group relief	-	201,841
	<u>519,888</u>	<u>829,092</u>

DEBTORS DUE AFTER ONE YEAR

	2010	2009
	£	£
Amounts owed by Group undertakings	<u>-</u>	<u>1,165,128</u>

Amounts owed by Group undertakings are interest free

12. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Bank loans and overdraft	-	1,093,871
Trade creditors	53,599	39,012
Amounts owed to Group undertakings	59,129	178,541
Other taxation and social security	65,176	119,749
Accruals and deferred income	244,559	84,946
	<u>422,463</u>	<u>1,516,119</u>

Amounts owed to Group undertakings are interest free

13. CREDITORS: Amounts falling due after more than one year

	2010	2009
	£	£
Amounts owed to Group undertakings	<u>1,535,094</u>	<u>1,203,474</u>

There are no predetermined repayment dates or interest payment arrangements applying to amounts owed to Group undertakings. However repayment will not be requested within one year.

DIAMOND H CONTROLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2010

14. PENSIONS

The Company is a member of the defined benefit contribution pension scheme operated by a fellow group company, BI Group Plc. The Company also contributed to the Diamond H Controls Pension Plan. From 1 January 2006 a Stakeholder Pension Plan has been put in place.

BI Group Retirement Benefit Plan

In previous years the Company has contributed to the Group's main defined contribution pension scheme, the BI Group Retirement Benefit Plan, which closed on 31 December 2005. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Diamond H Controls Pension Plan

The Plan is administered by a Trustee. The contributions are determined by independent actuaries, whose most recent draft valuation was at 31 March 2007. With effect from 31 March 2004 further benefits ceased to accrue to the members and there is no current service cost after this date.

At 30 November 2010, total contributions amounting to £Nil (2009: £Nil) were payable to the above Plan and are included within accruals.

The valuation at 31 March 2007 of the Diamond H Controls Pension Plan has been updated by the independent actuary on an FRS 17 basis as at 30 November 2010.

The major assumptions used in this valuation were:

	2010	2009	2008
Rate of increase in salaries	N/A	N/A	N/A
Rate of increase in pensions in payment	Linked to Retail Price Index Max annual pension increase 3.3% p.a. 2.4% p.a.		
Discount rate	5.8% p.a.	5.8% p.a.	7.3% p.a.
Inflation assumption	3.2% p.a.	3.3% p.a.	2.4% p.a.
Rate of increase of deferred pensions	3.2% p.a.	3.3% p.a.	2.4% p.a.
Revaluation in deferment	3.2% p.a.	3.3% p.a.	2.4% p.a.
Post retirement mortality assumption	PA92 Medium Cohort Year of Birth Tables		
Tax-free cash	No allowance has been made for members to take tax free cash		

DIAMOND H CONTROLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2010

14. PENSIONS *(continued)*

Under the mortality tables adopted, the assumed future life expectancy at age 65 is as follows

	2010	2009	2008
Male currently aged 45	88 1	88 1	88 1
Female currently aged 45	90 9	90 9	90 9
Male currently aged 65	87 1	87 0	87 0
Female currently aged 65	90 0	89 9	89 8
	2010	2009	2008

Long term expected rate of return on the Plan's assets for the following year	5.71%	5 68%	6 23%
-------------------------------------------------------------------------------	-------	-------	-------

The Company expects to contribute £80,000 to the Plan during the year to 30 November 2011

The actual return on the Plan's assets over the period to the Review Date was a gain of 8 6%

The assets do not include any investment in shares of the Company

The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes. Equity returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on government bonds. Bond returns are selected by reference to the yields on government and corporate debt as appropriate to the Plan's holding of these instruments

Plan Assets

The fair value of the plan's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the plan's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Long term rate of return 2010	Value at 2010 £000	Long term rate of return 2009	Value at 2009 £000	Long term rate of return 2008	Value at 2008 £000
Equities	7 0%	5,638	7 0%	5,566	7 0%	4,571
Bonds	4 0%	3,727	4 0%	3,519	5 5%	3,121
Other	0 5%	191	0 5%	139	3 0%	221
		9,556		9,224		7,913
Present value of plan liabilities		(13,202)		(13,049)		(9,372)
Deficit in the plan		(3,646)		(3,825)		(1,459)

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NOTES TO THE FINANCIAL STATEMENTS
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14. PENSIONS *(continued)***Reconciliation of Assets and Defined Benefit Obligation**

The change in assets over the year was

	2010
	£000
Fair value of assets at the beginning of the year	9,224
Expected return on assets	518
Employer contributions	80
Benefits paid	(548)
Actuarial gain	282
Fair value of assets at the end of the year	<u>9,556</u>

The change in defined benefit obligation over the year was

	2010
	£000
Defined benefit obligation at the beginning of the year	13,049
Interest cost	741
Benefits paid	(548)
Actuarial gain	(40)
Defined benefit obligations at the end of the year	<u>13,202</u>

Analysis of amounts included in other finance costs

	2010	2009
	£000	£000
Expected return on pension plan assets	518	489
Interest on pension plan liabilities	(741)	(669)
	<u>(223)</u>	<u>(180)</u>

Analysis of amount recognised in statement of total recognised gains and losses

	2010	2009
	£000	£000
Actual return less expected return on plan assets	282	1,164
Changes in assumptions underlying the present value of plan liabilities	40	(3,423)
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	<u>322</u>	<u>(2,259)</u>

The cumulative amount of actuarial loss recognised in the statement of total recognised gains and losses since the adoption of FRS17 is £1,931,000 (2009 £2,243,000)

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14. PENSIONS *(continued)***Summary of Prior Year Amounts**

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Present value of defined benefit obligation	(13,202)	(13,049)	(9,372)	(11,747)	(11,901)
Plan assets	9,556	9,224	7,913	10,206	10,167
Surplus/(deficit)	(3,646)	(3,825)	(1,459)	(1,541)	(1,734)
Experience gains and losses on Plan liabilities	-	(45)	-	800	(119)
Experience adjustments on Plan assets	282	1,164	(2,542)	(222)	160

Stakeholder Pension Plan

With effect from 1 January 2006, the Company has contributed to employee stakeholder pension plans. The pension cost represents contributions payable by the Company to the fund and amounted to £9,318 (2009 £8,110). There was £4,744 (2009 £1,567) outstanding at the balance sheet date.

15. DEFERRED TAXATION

The elements of deferred taxation are as follows:

	2010 £	2009 £
Difference between accumulated depreciation and capital allowances	-	-
UK tax losses	-	-
Deferred tax asset	-	-

The Company has unrecognised deferred tax assets of approximately £2,252,663 (2009 £2,271,341) in respect of trading losses, £203,083 (2009 £161,442) in respect of capital allowances, £984,420 (2009 £1,071,000) in respect of FRS 17 pension liabilities and £36,450 (2009 £140,197) in respect of other timing differences.

The potential deferred tax asset has not been provided due to the uncertainty of when the losses will be utilised.

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16. COMMITMENTS UNDER OPERATING LEASES

At 30 November 2010 the Company had annual commitments under non-cancellable operating leases as set out below

	Assets Other Than Land and Buildings		Land and Buildings	
	2010	2009	2010	2009
	£	£	£	£
Operating leases which expire				
Within 1 year	15,103	12,326	-	-
Within 2 to 5 years	-	8,602	-	-
	<u>15,103</u>	<u>20,928</u>	<u>-</u>	<u>-</u>

17. CONTINGENCIES

The Company is party to the Group's cross guarantee banking arrangements in respect of the Group's £3 6m term loan (2009 £4m) and the Group's £2 5m overdraft facility which was £2 1m (2009 £1 2m) at the balance sheet date

18. SHARE CAPITAL

Authorised, allotted, called up and fully paid share capital:

	2010	2009
	£	£
9,185,180 Ordinary shares of £1 each	<u>9,185,180</u>	<u>9,185,180</u>

19. MOVEMENTS ON RESERVES

	Profit and loss account	Share premium account
	£	£
At 1 December 2009	(13,748,228)	389,580
Loss for the financial year	(889,135)	-
Actuarial gain recognised in Recognised Gains and Losses	322,000	-
At 30 November 2010	<u>(14,315,363)</u>	<u>389,580</u>

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20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	2010 £	2009 £
Loss for the financial year	(889,135)	(1,099,315)
Actuarial gain/(loss) recognised in the pension plan during the year	322,000	(2,259,000)
Net movement in shareholder's funds	(567,135)	(3,358,315)
Equity Shareholder's deficit at beginning of year	(4,173,468)	(815,153)
Equity Shareholder's deficit at end of year	<u>(4,740,603)</u>	<u>(4,173,468)</u>

21. RELATED PARTIES

The Company has taken advantage of the exemption given in FRS 8 Related Party Disclosures with respect to inter group disclosures as the Group controls all of the Company's voting share capital and the Group financial statements are publicly available

22. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of BI Group Plc. The results of the Company are consolidated in the financial statements of the ultimate parent company, National Industries Group (Holding) S.A.K. incorporated in Kuwait. Copies of the financial statements of National Industries Group (Holding) S.A.K. are available from PO Box 417, 13005 Safat, Kuwait.