



# **HW Machinery Limited**

## **Report and Financial Statements**

31 March 2010

*Registered Number 3721208*

# HW Machinery Limited

---

Registered No 3721208

## **DIRECTORS**

J G Harris  
S M Watson

## **SECRETARY**

Waterlinks Investments Limited

## **AUDITORS**

Ernst & Young  
No 1 Colmore Square  
Birmingham  
B4 6HQ

## **BANKERS**

Allied Irish Bank (GB)  
61 Temple Row  
Birmingham  
B2 5LT

## **REGISTERED OFFICE**

Unit 3 Ashted Lock  
Dartmouth Middleway  
Aston Science Park  
Birmingham  
B7 4AZ

# HW Machinery Limited

---

## DIRECTORS' REPORT

Registered No 3721208

The directors submit their report and financial statements for the year ended 31 March 2010

### PRINCIPAL ACTIVITY

The principal activity of the company for the year under review was that of an intermediate holding company. No change in the business activity is expected to occur in the foreseeable future.

On 8 October 2009, the company acquired the entire issued share capital of Froude Hofmann Test Technology India (pvt) Limited for a consideration of £6,893. During the year, the company invested a further £240,000 in Froude Hofmann Industria e Comercio Ltda.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £3,060,813 (2009 £2,210,030). A dividend of £2,310,000 was paid during the year (2009 £2,175,000).

### FINANCIAL RISK MANAGEMENT POLICY

Financial risk management is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

### DIRECTORS

The directors who served during the year are as follows:

J G Harris

S M Watson

No contract significant to the company's business in which a director had a material interest was entered into during the year.

### DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Having made enquiries of fellow directors and of the company's auditors, each of the 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.

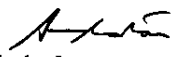
### GOING CONCERN

The directors consider that the company has adequate resources to continue in operation for the foreseeable future. In forming this view, the directors have reviewed budgets and other financial information. The parent company has indicated that it will continue to support the company and will not recall the amounts advanced by the company until all other creditors have been met. For these reasons, the directors continue to adopt the going concern basis in preparing the accounts.

### AUDITORS

A resolution to re-appoint Ernst and Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board

  
Waterlinks Investments Limited  
Secretary

4 August 2010

# HW Machinery Limited

---

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF H W MACHINERY LIMITED**

We have audited the financial statements of H W Machinery Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 12. 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 auditors***

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 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**

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.

### ***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 2010 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.

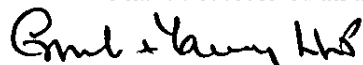
### **Opinion on other matters prescribed by the Companies Act 2006**

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.

### **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.



Bruce Morton (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Registered Auditor  
Birmingham

Date 5 August 2010

## HW Machinery Limited

### PROFIT AND LOSS ACCOUNT for the year ended 31 March 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
Administration expenses		(37,407)	(17,849)
<b>OPERATING LOSS</b>	<b>2</b>	<b>(37,407)</b>	<b>(17,849)</b>
Income from investments	6	3,178,524	2,218,469
Net interest (payable)/receivable	4	(112,344)	2,258
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>3,028,773</b>	<b>2,202,878</b>
Tax on profit on ordinary activities	5	32,040	7,152
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			
<b>TRANSFERRED TO RESERVES</b>	<b>10</b>	<b>3,060,813</b>	<b>2,210,030</b>

All activities derive from continuing operations

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

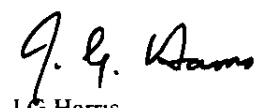
There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £3,060,813 for the year ended 31 March 2010 and the profit of £2,210,030 for the year ended 31 March 2009

# HW Machinery Limited

## BALANCE SHEET at 31 March 2010

	Notes	2010 £	2009 £
<b>FIXED ASSETS</b>			
Investments	6	5,572,934	5,326,041
<b>CURRENT ASSETS</b>			
Debtors	7	124,984	743,984
Cash at bank and in hand		2,404	2,501
		127,388	746,485
<b>CREDITORS</b> amounts falling due within one year	8	(4,666,949)	(5,789,966)
<b>NET CURRENT LIABILITIES</b>		(4,539,561)	(5,043,481)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,033,373	282,560
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1	1
Profit and loss account	10	1,033,372	282,559
<b>TOTAL SHAREHOLDERS' FUNDS</b>		1,033,373	282,560

These financial statements were approved by the Board of Directors and issued to the shareholders on 4 August 2010



J G Harris  
Director

# HW Machinery Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 March 2010

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and are in accordance with applicable UK accounting standards. The financial statements present information about the company as an individual undertaking and not about its group.

The company has taken advantage of the dispensation granted under Chapter 4 S540 of the Companies Act 2006 not to produce group accounts, being a wholly owned subsidiary undertaking of Harris Watson Holdings plc, a company incorporated in England and Wales.

#### *Fundamental accounting concept*

The financial statements have been prepared on a going concern basis as the parent company has indicated that it will continue to support the company to meet its liabilities as and when they fall due. The parent undertaking has agreed not to recall the amounts advanced to the company until all other creditors have been met.

#### *Investments*

Investments are carried at the lower of cost and net realisable value. The carrying values are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Cash flow statement*

In accordance with Financial Reporting Standard 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company is included in the consolidated accounts of its ultimate parent company, Harris Watson Holdings plc.

### 2. OPERATING LOSS

This is stated after charging

	2010	2009
	£	£
Auditors' remuneration	3,670	4,000
	<u>          </u>	<u>          </u>

### 3. STAFF COSTS

There were no employees during the year other than the directors. The directors received no emoluments for their services to the company (2009: £nil).

### 4. NET INTEREST (PAYABLE)/RECEIVABLE

	2010	2009
	£	£
Bank interest received	156	322
Other interest received	-	1,936
Inter-company interest	(112,500)	-
	<u>          </u>	<u>          </u>
	(112,344)	2,258
	<u>          </u>	<u>          </u>



# HW Machinery Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 March 2010

### 5. TAXATION

(a) Tax is made up as follows

	2010 £	2009 £
Current taxation		
Group relief receivable	(32,453)	(1,361)
Adjustments in respect of previous periods	413	(5,791)
	<u>(32,040)</u>	<u>(7,152)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are reconciled below

	2010 £	2009 £
Profit on ordinary activities before taxation	3,028,773	2,202,878
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	848,056	616,806
Income not chargeable for tax purposes	(880,509)	(621,171)
Expenses not deductible for tax purposes	-	3,004
Adjustments in respect of prior periods	413	(5,791)
Total current tax (note 5(a))	<u>(32,040)</u>	<u>(7,152)</u>

### 6. INVESTMENTS

Other investments – unlisted shares

	Cost £	Provision £	Book Value £
As at 31 March 2009	5,326,041	-	5,326,041
Additions	246,893	-	246,893
As at 31 March 2010	<u>5,572,934</u>	<u>-</u>	<u>5,572,934</u>

## HW Machinery Limited

### NOTES TO THE FINANCIAL STATEMENTS at 31 March 2010

#### 6. INVESTMENTS (CONTINUED)

Other investments include the equity of the following companies -

<i>Name</i>	<i>Country of Registration</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of services</i>
Aeronautical & General Instruments Limited	England & Wales	Ordinary Shares	100%	Design, development of aviation and marine equipment
AB Precision (Poole) Limited	England & Wales	Ordinary Shares	100%	Design, development of mechanical and electrical contracts
Horstman Defence Systems Limited	England & Wales	Ordinary Shares	100%	Manufacture of military mobility equipment
Dartex Coatings Limited	England & Wales	Ordinary Shares	100%	Coating and lamination of fabrics
Froude Hofmann Limited	England & Wales	Ordinary Shares	100%	Design, development of test equipment solutions
FH (GB) Limited	England & Wales	Ordinary Shares	100%	Licencing of intellectual property
Froude Hofmann Industria e Comercio Ltda	Brazil	Ordinary Shares	100%	Manufacture of test equipment solutions
Froude Hofmann Test Technology India (pvt) Limited	India	Ordinary Shares	100%	Design of test equipment solutions

The company received dividend income from its investments amounting to £3,178,524 in the year (2009 £2,218,469)

On 8 October 2009, the company acquired the entire issued share capital of Froude Hofmann Test Technology India (pvt) Limited for a consideration of £6,893. During the year, the company invested a further £240,000 in Froude Hofmann Industria e Comercio Ltda

In the opinion of the directors the aggregate value of the investments in the subsidiary undertakings is not less than the amount at which they are stated in the accounts

# HW Machinery Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 March 2010

### 7. DEBTORS

	2010 £	2009 £
Amount owed by group undertakings	124,984	743,984
	<u>124,984</u>	<u>743,984</u>

### 8. CREDITORS: amounts falling due within one year

	2010 £	2009 £
Amount owed to parent undertaking	4,663,278	5,780,779
Trade creditors	-	5,186
Accruals	3,670	4,000
Other creditors	1	1
	<u>4,666,949</u>	<u>5,789,966</u>

### 9. CALLED UP SHARE CAPITAL

	2010 £	2009 £
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

### 10 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
As at 1 April 2008	1	247,529	247,530
Profit for the year	-	2,210,030	2,210,030
Dividend	-	(2,175,000)	(2,175,000)
	<u>1</u>	<u>282,559</u>	<u>282,560</u>
As at 31 March 2009	1	282,559	282,560
Profit for the year	-	3,060,813	3,060,813
Dividend	-	(2,310,000)	(2,310,000)
	<u>1</u>	<u>1,033,372</u>	<u>1,033,373</u>
As at 31 March 2010	1	1,033,372	1,033,373

## HW Machinery Limited

---

### NOTES TO THE FINANCIAL STATEMENTS at 31 March 2010

#### **11. RELATED PARTY TRANSACTIONS**

Other than transactions with other members of the Harris Watson Group which are exempt from disclosure under FRS8 (Related Party Disclosures) there are no other related party transactions

#### **12. PARENT UNDERTAKING AND CONTROLLING PARTY**

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Harris Watson Holdings plc, a company registered in England and Wales. Copies of the accounts of Harris Watson Holdings plc can be obtained from Unit 3 Ashted Lock, Dartmouth Middleway, Aston Science Park, Birmingham B7 4AZ