

Company Registration No. 03936640

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Annual Report and Financial Statements

31 December 2010

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FKI Distribution Limited (formerly FKI Logistex Group Limited)

**Report and Financial Statements
Year ended 31 December 2010**

Officers and professional advisers

Directors

G P Martin
S A Peckham
G E Barnes

Secretary

G E Barnes

Registered Office

Precision House
Arden Road
Alcester
Warwickshire
B49 6HN

Chartered Accountants and Statutory Auditors

Deloitte LLP
Chartered Accountants
London, United Kingdom

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activity and review of the business

The Company's principal activity is to act as an intermediate holding company. The Directors do not expect any change in this activity in the foreseeable future.

The operating profit for the year ended 31 December 2010 was £1,628,000 (year ended 31 December 2009: profit of £14,314,000). The operating profit for the year ended 31 December 2010 included a £1,628,000 exchange gain (year ended 31 December 2009: £18,469,000 gain). The retained profit for the year ended 31 December 2010 was £1,426,000 (year ended 31 December 2009: profit of £19,938,000).

The Directors do not recommend the payment of a dividend in the year (year ended 31 December 2009: £nil).

On 7 February 2011 the Company purchased 100% of the share capital of FKI Logistex Conveyors Limited for £1 from its directly held subsidiary Logistex Limited. Following this, on 11 February 2011, the Company sold its investment in Logistex Limited to Logistex Europe Limited, a company under the ownership and control of the Logistex Limited management team and external to the Melrose group, for consideration of £1 on a debt free and cash free basis, subject to leaving an agreed amount of working capital in Logistex Limited.

Going concern

The Directors have considered the going concern assumption given the current economic climate and have reviewed the Company forecast for the foreseeable future. After making enquiries and considering the above facts, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management and policies

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit risk

The Company's principal financial assets are other receivables (including receivables from other Group undertakings).

The Company's credit risk is primarily attributable to its receivables from other Group undertakings. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company ensures regular communication with other Group companies.

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Directors' report (continued)

Directors and their interests

The Directors who served during the year ended 31 December 2010 and thereafter are listed under 'Officers and professional advisers'. No Director had any interests in the shares of the Company at 31 December 2010.

Directors' liabilities

The ultimate parent undertaking has indemnified one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the year and at the date of this report.

Employment policies

The Company has developed a wide range of voluntary practices and procedures for employee involvement. The Company encourages this approach to provide information and consultation and believes this promotes understanding of the issues facing the individual business in which the employee works.

It is the policy of the Company to give full and fair consideration to applications made by disabled persons for job vacancies, where particular job requirements are within their ability and, where possible, arrangements are made for the continuing employment of employees who have become disabled.

Charitable and political donations

During the year the Company donated £nil for charitable purposes (year ended 31 December 2009: £nil). No political donations were made during the year (year ended 31 December 2009: £nil).

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as auditors and will be deemed to be re-appointed after the end of the next "period for appointing auditors" as defined in s485(2) of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board



G E Barnes
Director
19 August 2011

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with the 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 judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, 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.

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Independent auditor's report to the members of FKI Distribution Limited (formerly FKI Logistex Group Limited)

We have audited the financial statements of FKI Distribution Limited (formerly FKI Logistex Group Limited) for the year ended 31 December 2010, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 17. 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, 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 (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 December 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.

FKI Distribution Limited (formerly FKI Logistex Group Limited)

**Independent auditor's report to the members of
FKI Distribution Limited (formerly FKI Logistex Group Limited) (continued)**

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

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



Jeremy Black (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
19 August 2011

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Profit and Loss Account

Year ended 31 December 2010

		Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
	Notes		
Other operating income		1,628	18,647
Other operating expenses		-	(4,333)
Operating profit		1,628	14,314
Exceptional income	2	-	9,256
Exceptional expense	2	-	(158)
Profit on ordinary activities before finance charges		1,628	23,412
Finance income	3	578	1,059
Finance expense	3	(780)	(4,466)
Profit on ordinary activities before taxation	4	1,426	20,005
Tax charge on profit on ordinary activities	7	-	(67)
Profit for the financial year		1,426	19,938

The above results derive from continuing operations

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Statement of Total Recognised Gains and Losses

Year ended 31 December 2010

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Profit for the financial year	1,426	19,938
Exchange gain on retranslation of matched foreign currency loans	-	2,081
Revaluation of investments	-	(2,081)
Total recognised gains and losses	1,426	19,938

FKI Distribution Limited (formerly FKI Logistex Group Limited)

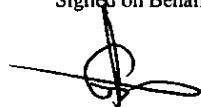
Balance Sheet

Year ended 31 December 2010

	Notes	31 December 2010 £'000	31 December 2009 £'000
Fixed Assets			
Investments	8	6,922	6,922
		<u>6,922</u>	<u>6,922</u>
Current Assets			
Debtors	9	40,417	76,087
Creditors amounts falling due within one year	10	(2,809)	(39,905)
Net current assets		<u>37,608</u>	<u>36,182</u>
Net assets		<u>44,530</u>	<u>43,104</u>
Capital and reserves			
Called-up share capital	11	1,672	1,672
Share premium account	12	383,488	383,488
Merger reserve	12	9,760	9,760
Profit and loss account	12	(350,390)	(351,816)
Shareholders' funds		<u>44,530</u>	<u>43,104</u>

The financial statements of FKI Distribution Limited (formerly FKI Logistex Group Limited) (registered number 03936640) were approved by the Board of Directors and authorised for issue on 19 August 2011

Signed on Behalf of the Board of Directors



G E Barnes
Director

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Notes to the accounts

Year ended 31 December 2010

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with applicable United Kingdom law and accounting standards and on a going concern basis as described in the Director's report.

The company has taken advantage of the exemption from preparing group financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly owned subsidiary undertaking of Melrose PLC which prepares consolidated financial statements which are publicly available.

Going concern

The Directors have considered the going concern assumption given the current economic climate and have reviewed the Company forecast for the foreseeable future. After making enquiries and considering the above facts, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Statement of Cash Flow

Under the provisions of FRS 1 "Cash Flow Statements" (Revised 1996), the Company has not prepared a statement of cash flows because its ultimate parent undertaking, Melrose PLC, has prepared consolidated financial statements which include the financial statements of the Company and which contain a Statement of Cash Flows.

Investments

The Company's investment in shares in Group companies are stated at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 not recognised when fixed assets are revalued unless, by the Balance Sheet date, there is a binding agreement to sell the revalued asset and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against foreign equity investments which are taken directly to reserves together with the exchange difference on the carrying amount on the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair values were determined.

Finance costs

Finance costs of financial liabilities are recognised in the Profit and Loss Account over the term of such instruments at a constant rate on the carrying amount.

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Notes to the accounts

Year ended 31 December 2010

2 Exceptional items

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Exceptional income		
Gain on sale of investments	-	9 256
	<u>-</u>	<u>9,256</u>
	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Exceptional expense		
Loss on disposal of assets for nil consideration	-	(158)
	<u>-</u>	<u>(158)</u>

On 22 June 2009, the Company sold its investment in FKI Logistex Holdings Inc yielding a gain on disposal of £9 256 000

On 24 August 2009 the Company sold its investment in FKI Logistex Shanghai Co Limited. This resulted in a nil gain or loss.

During the prior year and as part of the ultimate parent company's disposal activities, certain assets were disposed of for nil consideration or written down to nil carrying value totalling a loss of £158 000.

3 Finance income and expense

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Interest receivable and similar income		
Loans to fellow Group undertakings	578	1 059
	<u>578</u>	<u>1 059</u>
	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Interest payable and similar charges		
Bank overdrafts	(58)	(120)
Loans from fellow Group undertakings	(722)	(4 346)
	<u>(780)</u>	<u>(4 466)</u>

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Notes to the accounts

Year ended 31 December 2010

4 Profit on ordinary activities before taxation

This is stated after charging/(crediting)

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Impairment of investments	-	3 792
Net foreign exchange gain	(1 628)	(18 469)

Following a review of the carrying value of subsidiary investments at the prior year end an impairment charge of £3 792 000 was recognised in respect of Logistex Limited

The audit fees payable to the Company's auditor of £2 000 (year ended 31 December 2009 £2 000) for the audit of the financial statements were borne by a fellow Group undertaking in both periods

5 Staff costs

The average monthly number of employees (including Directors) was

	Year ended 31 December 2010 Number	Year ended 31 December 2009 Number
Administration	-	2
	-	2

The aggregate remuneration comprised

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Wages and salaries	-	262
Social security costs	-	31
Defined benefit pension costs	-	38
	-	331

6 Directors remuneration

The Directors received no remuneration for their services to the Company during the year (year ended 31 December 2009 £nil). The Directors of the Company who served during the year were also Directors of a number of the companies within the Melrose Group. The Directors' services to the Company do not occupy a significant amount of their time. As such, the Directors do not consider that they have received any remuneration for their incidental services to the Company for the year ended 31 December 2010 or the year ended 31 December 2009.

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Notes to the accounts

Year ended 31 December 2010

7 Tax on ordinary activities

The tax charge comprises

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Current tax		
UK corporation tax	-	
Withholding taxes	-	67
Total current tax charge	-	67
Deferred tax	-	-
Total tax charge	-	67

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before taxation is as follows

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Profit on ordinary activities before taxation	1 426	20 005
Tax on profit on ordinary activities before taxation at standard UK corporation tax rate of 28% (31 December 2009 28%)	399	5 601
Effects of		
Expenses not deductible for tax	-	(1 466)
Other timing differences	-	14
Group relief claimed at nil consideration	(399)	(4 149)
Withholding taxes	-	67
Current tax charge	-	67

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Notes to the accounts

Year ended 31 December 2010

8 Investments

	Investment in Subsidiary £'000	Total £'000
Cost		
At 1 January 2010 and 31 December 2010	10,714	10,714
Provision for impairment		
At 1 January 2010 and 31 December 2010	(3,792)	(3,792)
Net book value		
At 31 December 2010	6,922	6,922
At 31 December 2009	6,922	6,922

The Company has investments in the following subsidiary undertakings

Name	Nature of business	Country	Holding
Subsidiary undertakings			
Logistex Limited	Manufacturing	Great Britain	100%

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Notes to the accounts

Year ended 31 December 2010

9 Debtors

	31 December 2010 £'000	31 December 2009 £'000
Amounts falling due within one year		
Amounts owed by fellow Group undertakings	40,417	76,087
	<u>40,417</u>	<u>76,087</u>

10 Creditors—amounts falling due within one year

	31 December 2010 £'000	31 December 2009 £'000
Bank loans and overdrafts	2,635	2,573
Amounts owed to fellow Group undertakings	161	37,315
Accruals and deferred income	13	17
	<u>2,809</u>	<u>39,905</u>

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Notes to the accounts

Year ended 31 December 2010

11 Called-up Share Capital

	31 December 2010 £'000	31 December 2009 £'000
Allotted, called-up and fully-paid		
1 672,000 Ordinary Shares of £1 each	1 672	1 672

12 Reserves

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	383 488	9 760	(351 816)	41 432
Result for the year	-	-	1 426	1,426
At 31 December 2010	383 488	9,760	(350,390)	42 858

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Notes to the accounts

Year ended 31 December 2010

13 Retirement benefit schemes

The Company is a participating employer in FKI UK Pension Plan which is now closed. Melrose PLC holds a deed of guarantee with FKI UK Pension Trust Limited, the trustee of the FKI UK Pension Plan, pursuant to which Melrose PLC guaranteed the obligations of the Participating Employers to contribute £18.5 million to the FKI UK Pension Plan per annum from 1 July 2010 until 1 October 2017. Melrose PLC has agreed to indemnify the trustee against all costs, losses or liabilities from the failure by the Participating Employers to make the Guaranteed Contributions.

The Company participates in a Group defined benefit scheme. It is not possible to identify the Company's share of assets and liabilities in the scheme on a consistent and reasonable basis. Therefore, in accordance with FRS 17 paragraph 9 (b) (multi-employer exemption), the scheme is accounted for as if it were a defined contribution scheme.

Contributions to this scheme in the year amounted to £nil (year ended 31 December 2009: £38,000).

The valuation of the Group scheme shows the following deficit: UK Group scheme £78,549,000 (year ended 31 December 2009: £110,095,000).

For the purposes of these financial statements, these figures are illustrative only and do not impact on the results or the Balance Sheet of the Company. It should also be noted that these figures include a substantial proportion of pension assets and liabilities relating to other Group companies which also participate in the scheme. It has not been possible to identify the share of the deficit which relates solely to FKI Distribution Limited (formerly FKI Logistex Group Limited).

The measurement bases required by FRS 17 are likely to give rise to significant fluctuations in the reported amounts of the defined benefit pension scheme's assets and liabilities from year to year, and do not necessarily give rise to a change in the contributions payable into the scheme, which are recommended by the independent actuaries based on the expected long term rate of return on the scheme assets.

The assets in the scheme and the expected rates of return at 31 December 2010 were:

	31 December 2010	31 December 2010	31 December 2009	31 December 2009
	Long term rate of return expected %	Value £'000	Long term rate of return expected %	Value £'000
Equities	8.50	194,625	8.50	183,928
Debt instruments	4.60	342,400	4.97	314,140
Other assets	3.33	12,300	3.53	10,694
Total fair value of scheme assets		549,325		508,762
Present value of scheme liabilities		(627,874)		(618,857)
Deficit in scheme		(78,549)		(110,095)

The figures above were calculated on the basis of the following assumptions:

	31 December 2010	31 December 2009
	%	%
Discount rate	5.55	5.75
Expected rate of salary increases	4.00	3.95
Future pension increases	3.30	3.30
Inflation	3.45	3.45

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Notes to the accounts Year ended 31 December 2010

13 Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations were as follows

	31 December 2010 £'000	31 December 2009 £'000
At 1 January 2010	(618,857)	(520,300)
Service cost	(3,517)	(5,057)
Interest cost	(35,000)	(32,200)
Contributions from scheme members	-	(1,900)
Actuarial losses	(8,600)	(85,500)
Benefits paid	25,000	26,100
Gains on curtailment	13,100	-
At 31 December 2010	(627,874)	(618,857)
Experience adjustments on scheme liabilities	1%	14%

Movements in the value of scheme assets were as follows

	31 December 2010 £'000	31 December 2009 £'000
At 1 January 2010	508,762	462,700
Expected return on plan assets	29,600	26,920
Actuarial gains	17,600	25,400
Member company contributions	18,363	17,942
Contributions from scheme members	-	1,900
Benefits paid	(25,000)	(26,100)
At 31 December 2010	549,325	508,762
Experience adjustments on scheme assets	3%	5%
Net deficit in scheme	(78,549)	(110,095)

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Notes to the accounts

Year ended 31 December 2010

13 Retirement benefit schemes (continued)

Mortality assumptions

The mortality assumptions for the plan at 31 December 2010 are based on 90% of the heavy Self Administered Pension Scheme (SAPs) tables, reflecting the scheme membership being largely employed in the industrial sector. Future improvements are in line with 80% (60% for women) of the long cohort, subject to a minimum underpin of 1% p.a.

The assumed life expectancy on retirement at age 65 are

	31 December 2010	31 December 2009
Retiring today		
Males	85.20	85.10
Females	88.60	88.50
Retiring in 20 years		
Males	87.70	86.70
Females	90.90	89.90

The remaining known history of experience adjustments is as follows

	31 December 2008 £'000
Present value of defined benefit obligations	(520,300)
Fair value of scheme assets	462,700
Net (deficit)/surplus	(57,600)
Experience adjustments on scheme liabilities	(2,400)
Experience adjustments on scheme assets	(58,200)

FKI Distribution Limited (formerly FKI Logistex Group Limited)

Notes to the accounts

Year ended 31 December 2010

14 Contingent Liabilities

As part of the Melrose group banking arrangement, the Company has entered into a multilateral cross guarantee with certain group companies in respect of group overdraft borrowings

Other outstanding bonds and guarantees at the year end amounted to £xx million (31 December 2009 £nil)

15 Related party transactions

The Company is a wholly owned subsidiary of Melrose PLC, the consolidated accounts of which are publicly available. Accordingly, the Company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Melrose Group.

16 Ultimate parent company

The Directors regard Melrose PLC, a company incorporated in Great Britain and registered in England and Wales, as the Company's ultimate parent undertaking and controlling party for the year ended 31 December 2010. The immediate parent company is FKI Limited, which is registered in Great Britain.

The smallest and largest group into which the results of the company are consolidated is that headed by Melrose PLC. Copies of the financial statements are available from the Company Secretary, Melrose PLC, Precision House, Arden Road, Alcester, Warwickshire, B49 6HN.

On 7 February 2011 the Company purchased 100% of the share capital of FKI Logistex Conveyors Limited for £1 from its directly held subsidiary Logistex Limited. Following this, on 11 February 2011, the Company sold its investment in Logistex Limited to Logistex Europe Limited, a company under the ownership and control of the Logistex Limited management team and external to the Melrose group, for consideration of £1 on a debt free and cash free basis, subject to leaving an agreed amount of working capital in Logistex Limited.