

Registered No. 04225698

FKI Astraeus Limited

Report and Financial Statements

31 March 2008

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COMPANIES HOUSE

FKI Astraeus Limited

Registered No 04225698

Directors

N Bamford (Resigned 1 July 2008)
A Ventrella
S A Peckham (Appointed 1 July 2008)
G P Martin (Appointed 1 July 2008)
G E Barnes (Appointed 1 July 2008)

Secretary

A Ventrella

Auditors

Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham
NG1 5FY

Registered office

Falcon Works
PO Box 7713
Meadow Lane
Loughborough
Leicestershire
LE11 1ZF

Directors' report

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

Results and dividends

The audited financial statements for the year ended 31 March 2008 are set out on pages 6 to 11. The retained profit for the year amounted to £9,382,000 (2007 £1,689,000) and has been transferred to the profit and loss account reserve. The directors do not recommend the payment of a dividend for the year.

Principal activity and review of the business

The company does not trade, but receives interest from loans to other companies within the FKI group. The directors do not expect the company to commence trading in the foreseeable future.

During the year the company enacted a reduction in nominal value of share by cancelling paid up capital to the extent of 75p on each of its ordinary shares. By means of court resolution the reduction has been offset within retained earnings.

The company has invested £205,857,000 in a fellow group company – Brush Electrical Machines Limited – as at 31 March 2008.

Directors and their interests

The directors who served during the year ended 31 March 2008 and thereafter are as listed on page 1.

No director had any interests in the shares of the company at 31 March 2008.

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 during the year.

Auditors

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

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Each of these directors confirms that

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

By order of the Board


G E Barnes
Director

5/9/08

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of FKI Astraeus Limited

We have audited the company's financial statements for the year ended 31st March 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of FKI Astraeus Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Nottingham

10 September 2008

Profit and loss account

for the year ended 31 March 2008

	<i>Notes</i>	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
Foreign exchange losses		(652)	(2,396)
Operating loss		(652)	(2,396)
Interest receivable	3	10,034	4,085
Profit on ordinary activities before taxation		9,382	1,689
Tax on profit on ordinary activities	4	–	–
Retained profit for the financial year		9,382	1,689

Statement of total recognised gains and losses

There were no recognised gains or losses in either period other than the profit for the financial year shown above, and consequently no statement of total recognised gains and losses has been prepared

Balance sheet

at 31 March 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Investments	5	205,857	–
Current assets			
Debtors	6	8,735	96,231
Net assets		<u>214,592</u>	<u>96,231</u>
Capital and reserves			
Called up share capital	7	20,000	80,000
Share premium	8	119,007	10,028
Profit and loss account	8	75,585	6,203
Equity shareholder's funds	8	<u>214,592</u>	<u>96,231</u>

The financial statements were approved by the Board and signed on its behalf by

C. Mark

G P Martin
Director

5/9/08.

Notes to the financial statements

at 31 March 2008

1. Accounting policies

Basis of preparation

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

Statement of cash flows

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, FKI plc, has prepared consolidated financial statements which include the financial statements of the company and which contain a statement of cash flows

Investments

Fixed asset investments are stated at cost less provision for any 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 by the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with in the determination of profit for the financial year.

2. Directors' remuneration, staff costs and audit fee

The directors received no remuneration for their services to the company during the year (2007: £nil). The emoluments of N Bamford and A Ventrella have been borne by FKI plc. The directors of the company are also directors of a number of the companies within the FKI 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 March 2008 or 31 March 2007.

There were no staff employed other than directors (2007: none).

The audit fee in 2007 and 2008 was borne by the parent undertaking.

3. Interest received

	2008 £000	2007 £000
From fellow group undertakings	10,034	4,085

Notes to the financial statements

at 31 March 2008

4. Tax on profit on ordinary activities

	2008 £000	2007 £000
UK corporation tax	-	-
The tax assessed for the year is lower (2007 lower) than the standard rate of corporation tax in the UK as explained below		
	2008 £000	2007 £000
Profit on ordinary activities before taxation	9,382	1,689
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007 - 30%)	2,815	507
Effects of		
Non taxable income	(2,621)	-
Group relief from parent for nil consideration	(194)	(507)
Current tax charge for the year	-	-

5. Investments

Shares at cost or valuation	
At 1 April 2007	-
Additions	205,857
At 31 March 2008	205,857
Provision for impairment:	
At 1 April 2007 and 31 March 2008	-
Net book value	
At 31 March 2008	205,857
At 1 April 2007	-

The company has subscribed to one 'A' preference share in Brush Electrical Machines Limited, a fellow group company, which represents 100% of this class of shares and 0.1% of nominal value of total share capital of the Company

6. Debtors

	2008 £000	2007 £000
Amounts owed by fellow group undertakings	8,735	96,231

Notes to the financial statements

at 31 March 2008

7. Share capital

	2008 £000	2007 £000
<i>Authorised</i>		
100,000,000 Ordinary shares of 25p each (2007 £1 each)	25,000	100,000
	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
<i>Allotted, called up and fully paid</i>		
80,000,001 Ordinary shares of 25p each (2007 £1 each)	20,000	80,000

On 18 December 2007 the authorised share capital was reduced by £75,000,000 and the allotted, called up and fully paid share capital reduced by £60,000,000 as a result of reducing the nominal value of ordinary shares from £1 each to 25p each

8. Reconciliation of shareholder's funds and movement on reserves

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 2006	80,000	10,028	4,514	94,542
Profit for the year	-	-	1,689	1,689
At 31 March 2007	80,000	10,028	6,203	96,231
Profit for the year	-	-	9,382	9,382
Reduction of share capital	(60,000)	-	60,000	-
Increase in share capital	-	108,979	-	108,979
At 31 March 2008	20,000	119,007	75,585	214,592

9. Contingent liabilities

As part of a group debt arrangement the company has entered into a multilateral cross guarantee in respect of group borrowings

10. Related party transactions

The company is a wholly owned subsidiary of FKI plc, the consolidated financial statements 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 FKI group

Notes to the financial statements

at 31 March 2008

11. Ultimate parent undertaking

The directors regard FKI 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 March 2008. The group into which the results of the company are consolidated is that headed by FKI plc. Copies of the financial statements are available from the Company Secretary, FKI plc, Falcon Works, PO Box 7713 Meadow Lane, Loughborough, Leicestershire LE11 1ZF.

On the 1 July 2008 FKI plc was purchased by Melrose Plc, a company incorporated in Great Britain and registered in England and Wales, which the directors regard as the company's ultimate parent undertaking and controlling party from that date.