

## **IBP Conex Limited**

Report and Financial Statements

Year Ended

31 December 2009

Company Number 4294361



# **IBP Conex Limited**

## **Report and financial statements for the year ended 31 December 2009**

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### **Directors**

Hamsard 3008 Limited  
P Williamson  
E Riley

### **Secretary and registered office**

A J Mason, Whitehall Road, Tipton, West Midlands, DY4 7JU

### **Company number**

4294361

### **Auditors**

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

# **IBP Conex Limited**

## **Report of the directors for the year ended 31 December 2009**

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The directors present their report together with the audited financial statements for the year ended 31 December 2009

### **Results and dividends**

The profit and loss account is set out on page 9 and shows the loss for the year

### **Principal activities, review of business and future developments**

The company's principal activity is the manufacture and distribution of a range of products for the plumbing and heating industries

### **Review of business**

The company has experienced significant trading and cash flow difficulties during the period to 31 December 2009 and to the date of approval of these accounts

During this period the directors have taken actions to mitigate the impact of these difficulties which includes a reduction of the company cost base, consistent monitoring and reduction of working capital and the monitoring and management of available funding facilities. Although the year to 31 December 2010 will continue to reflect these issues the recent trading of the company shows that the actions taken by the directors have enabled a significant improvement in trading performance and the directors expect that the company will generate a strong EBITDA performance for the year ended 31 December 2011

Following an extensive period of negotiation relating to bank and shareholder funding arrangements on 28 January 2011 the bank funder placed CB Holdings Limited and Conex Banninger Limited (the immediate parent companies of IBP Conex Limited) into administration. The directors understand that the intention of the administration is that the bank funder will maintain funding to the company for a period to enable the administrator to restructure the bank and shareholder funding of the company and arrange the sale of the company on a going concern basis. The company itself is not in administration and continues to trade

### **Principal risks and uncertainties**

The business is subject to a number of risks. The business operates in a competitive environment in which competitor activity and pricing of supplies represent the key business risks and uncertainties which affect the company. Price risk arises because of changes in metal prices and currency translation fluctuations. The company seeks to minimise these risks by hedging its risk exposures in whole or in part wherever it identifies an opportunity to do so.

Company policies are aimed at minimising credit losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures.

The company recognises the importance of mutually beneficial relationships with its suppliers. It applies a policy of settlement of all debts with its creditors on a timely basis taking account of the credit period granted by each supplier.

Investments in fixed assets and working capital are carefully controlled, with authorisation limits operating at different levels up to board level and with the rates of return and cash payback periods applied as part of a defined investment process.

### **Employee involvement**

Members of the management team regularly visit branches and discuss matters of current interest and concern to the business with members of staff.

# **IBP Conex Limited**

## **Report of the directors for the year ended 31 December 2009 (*continued*)**

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### **Charitable and political contributions**

During the year the company made charitable contributions of £Nil. There were no political contributions.

### **Employment of disabled persons**

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

### **Indemnity provision**

Third party indemnity cover for the directors was in place during the financial year and at the year end.

### **Policy and practice on the payment of creditors**

The company does not impose standard payments terms on its suppliers. They are paid in accordance with those terms and conditions agreed between the company and its supplier, provided that all trading terms and conditions have been complied with.

The number of average days purchases of the company represented by trade creditors at 31 December 2009 was 37.

# **IBP Conex Limited**

## **Report of the directors for the year ended 31 December 2009 (continued)**

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### **Future trading and liquidity risk**

As noted in the review of business section above the company has experienced significant trading and cash flow difficulties during the period to 31 December 2009 and to the date of approval of these accounts. During this period the directors have taken actions to mitigate the impact of these difficulties which includes a reduction of the cost base, consistent monitoring and reduction of working capital and the monitoring and management of available funding facilities. The directors continue to monitor the economic situation and the company's customers and key supplier base on an ongoing basis which includes direct discussions with key customers and suppliers on expectations of activity levels for the forecast period and beyond. The directors have prepared detailed cash flow forecasts for the period to 31 December 2011 which show the cash flow requirements for that period. The forecasts have been prepared based on recent trading conditions and current expectations of the directors for the company's future trading prospects but as with any forecast it is subject to uncertainty, particularly if trading conditions worsen over the coming months.

The company is party to the Conex Banninger Group banking facilities which formally fell due for repayment on 19 December 2010 and which the bank lender allowed to continue during January 2011 on similar terms.

Following an extensive period of negotiation relating to bank and shareholder funding arrangements on 28 January 2011 the bank funder placed CB Holdings Limited and Conex Banninger Limited (the immediate parent companies of IBP Conex Limited) into administration. The directors understand that the intention of the administration is that the bank funder will maintain funding to the company for a period to enable the administrator to restructure the bank and shareholder funding of the company and arrange the sale of the company on a going concern basis. The company itself is not in administration and continues to trade.

Although the funding arrangements required to support company trading for at least the period to February 2012 is not yet in place the directors consider that the administration process will enable a significant restructuring of the bank and shareholders debts which will in turn enable the company to secure replacement bank and equity funding from a yet to be identified new lender and shareholder. Therefore despite the current significant funding difficulties and without being able to make any guarantees as to the future of the company the directors consider that the administration process should support the company in being able to continue to trade for at least the twelve months ended February 2012 and also secure the long-term prospects of the company.

Significant loan funding has been made available to the company through the group structure which formed a series of intermediate parent companies. This loan funding made into the group to enable and support group and company funding was made available to the parent company of the group (Pearl Fittings Holdings S a r l, incorporated in Luxembourg ("Pearl")) by the ultimate controlling party (Sun European Capital Partners LLP ("Sun")) and this initial funding has not been confirmed as not being repayable for at least the period to February 2012 by the ultimate controlling party. In addition the company and group have received further significant loan funding from an indirect minority (<1%) shareholder (Endless LLP ("Endless")) which has not been confirmed as not being repayable for at least the period to February 2012 by the shareholder. The company and group is also subject to a cross guarantee for debts owed to Endless and a company related through the ownership of Pearl (Hamsard 3008 Ltd ("Hamsard")) by EP Holdco Limited, Europower Group Limited and Copper II IPR Limited. The directors consider that the companies noted above will not be able to make the required loan repayments to Hamsard and Endless and on this basis the guarantee offered by the company and the wider Conex Banninger group is likely to be called at some time in the future to cover the amounts payable and have been included in the liabilities of a parent company (Conex Banninger Limited) as at 31 December 2009.

# **IBP Conex Limited**

## **Report of the directors for the year ended 31 December 2009 (*continued*)**

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The initial funding to Hamsard was made available to the parent company of the Hamsard group, Pearl, by the ultimate controlling party. The funding from Hamsard has not been confirmed as not being repayable for at least the period to February 2012 by the ultimate controlling party. In addition the funding from Endless has not been confirmed as not being repayable for at least the period to February 2012 by the shareholder.

Therefore there is a risk that Hamsard, the minority shareholder or the ultimate controlling party could request repayment of the loan funding and the cross guaranteed debt from the group (via Pearl) within the next 12 months which request could trigger demands for repayment of group company balances against other companies in the group. However the directors note that the group does not have the funding to make any payments of these group company debts and consider that the administration process referred to above will mean that these loans are restructured.

As a result of the above matters the directors have carefully considered going concern in the preparation of these financial statements and although the directors continue to adopt the going concern basis in preparing the accounts, the conditions described above indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern.

The financial statements do not include the adjustments (particularly in respect of recorded asset values) that would result if the company was unable to continue as a going concern.

### **Directors**

The directors of the company during the year were

J D Evans (resigned 22 September 2010)  
T J Murch (resigned 22 June 2010)  
Hamsard 3008 Limited  
P Williamson (appointed 22 June 2010)  
E Riley (appointed 22 September 2010)

# **IBP Conex Limited**

## **Report of the directors for the year ended 31 December 2009 (continued)**

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### **Directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing 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, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

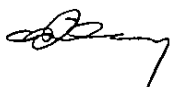
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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

### **On behalf of the board**



E Riley

### **Director**

Date 10 FEBRUARY 2011

# **IBP Conex Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF IBP CONEX LIMITED**

We have audited the financial statements of IBP Conex Limited for the year ended 31 December 2009 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 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 statement of directors' responsibilities, 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.

**Qualified opinion on financial statements arising from limitation of audit scope connected to the going concern basis of the preparation of the financial statements, disagreement about impairment reviews of tangible fixed assets and the failure to include a cash flow statement and all the related party disclosures required.**

As detailed in note 1 to the financial statements, the company is party to banking facilities which formally fell due for repayment on 19 December 2010, which the lender extended through January 2011. Note 1 also explains that following an extensive period of negotiation relating to bank and shareholder funding arrangements on 28 January 2011 the bank funder placed CB Holdings Limited and Conex Banninger Limited (the immediate parent companies of IBP Conex Limited) into administration. The directors understand that the intention of the administration is that the bank funder will maintain funding to the company for a period to enable the administrator to restructure the bank and shareholder funding of the company and arrange the sale of the company on a going concern basis. However, at the date of signing of these financial statements the administration process is in its early stages and there is no evidence to indicate the plan for the restructuring of bank and shareholder fund debt or that replacement funding will be available subsequent to the date of signing these financial statements.

As also detailed in note 1 to the financial statements the group has significant liabilities in respect of funding provided and guarantees assumed by the group and connected companies, which have been financed by the ultimate parent company of the group from loans made by the ultimate controlling party and a minority shareholder. The ultimate controlling party, the minority shareholder and a fellow group company have not confirmed this funding as not being repayable for at least the period to February 2012 and there is therefore a risk that these parties could request repayment of their funding / guarantees at any time within the next 12 months triggering a chain of requests for repayment of group company balances against other companies in the group which could impact the company.



# **IBP Conex Limited**

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

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After giving careful consideration to these significant uncertainties the directors consider it appropriate to prepare the financial statements on a going concern basis. However, with respect to these matters we have been unable to obtain sufficient appropriate evidence to assess the ability of the company to obtain the bank facilities or other funding required to enable the company to continue to trade for the period immediately subsequent to signing these financial statements and for at least the next twelve months or to assess that the significant loan funding and guarantees assumed payable to group and connected companies and an indirect minority shareholder will not be called for payment within the next twelve months. We also note the fact that the immediate parent companies of the company have been placed in administration which may change the control arrangements for the company and the ability of the directors of the company to control and direct future events. As a result of these significant factors we have been unable to form a view as to the appropriateness of the going concern basis of preparation of the financial statements.

Also as explained in note 11 to these financial statements given the circumstances explained in note 1 the directors have not performed an impairment review and have maintained the tangible fixed assets at recorded asset values. This is contrary to Financial Reporting Standard 11, "Impairment of Fixed Assets and Goodwill", which requires directors to undertake a review for impairment of tangible fixed assets if events or changes in circumstances indicate that the carrying amount of the tangible fixed assets may not be recoverable. In the absence of the relevant information, it is not practicable for us to quantify the financial effect if any, on tangible fixed assets or the profit and loss account of this non compliance.

In addition, as explained in note 1 to these financial statements, given the timing of the administration process and the need to file the financial statements of IBP Conex Limited the directors have decided to continue to prepare and file the financial statements as they were prepared prior to the administration of Conex Banninger Limited (which was expected to prepare and file consolidated financial statements) and therefore not to comply with the requirements to prepare a cash flow statement, Financial Reporting Standard 1, "Cash flow statements", and to give more extensive disclosure of related party transactions, Financial Reporting Standard 8, "Related party disclosures".

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient evidence concerning the appropriateness of the going concern basis of preparation of the financial statements and except for the appropriateness of the value of recorded tangible fixed assets and except for the failure to prepare a cash flow statement and give more extensive disclosure of related party transactions, in our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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.

# IBP Conex Limited

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

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### Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to going concern, we have not received all the information and explanations that we considered necessary for the purpose for our audit

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

*BDO LS*

*Thomas Lawton (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Birmingham  
United Kingdom*

Date *10 February 2011*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# IBP Conex Limited

## Profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
<b>Turnover</b>	3	<b>86,841</b>	82,300
Cost of sales		<u>82,002</u>	<u>73,153</u>
<b>Gross profit</b>		<b>4,839</b>	9,147
Distribution costs		<u>5,768</u>	11,515
Administrative expenses - excluding exceptional items		<u>7,285</u>	447
Exceptional items	2	<u>3,825</u>	8,710
Administrative expenses		<u>11,110</u>	9,157
<b>Operating loss</b>	4	<b>(12,039)</b>	(11,525)
Other interest receivable and similar income	7	83	322
Interest payable and similar charges	8	(2,328)	(3,218)
Other finance income	9	<u>78</u>	<u>289</u>
<b>Loss on ordinary activities before and after taxation for the financial year</b>		<b>(14,206)</b>	(14,132)

All amounts relate to continuing activities

The notes on pages 13 to 31 form part of these financial statements

# IBP Conex Limited

## Statement of total recognised gains and losses for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
<b>Statement of total recognised gains and losses</b>			
Loss for the financial year		(14,206)	(14,132)
Actuarial (loss) / gain on defined benefit scheme		902	(3,605)
Deferred tax on defined benefit scheme		(320)	118
		<u>          </u>	<u>          </u>
<b>Total recognised gains and losses for the financial year</b>		<b>(13,624)</b>	<b>(17,619)</b>
		<u>          </u>	<u>          </u>

The notes on pages 13 to 31 form part of these financial statements

# IBP Conex Limited

## Balance sheet at 31 December 2009

<i>Company number 4294361</i>	<i>Note</i>	<b>2009 £'000</b>	<b>2009 £'000</b>	<b>2008 £'000</b>	<b>2008 £'000</b>
<b>Fixed assets</b>					
Tangible assets	11		927		977
<b>Current assets</b>					
Stocks	12	23,602		25,665	
Debtors - due within one year	13	14,326		16,261	
Debtors - due after more than one year	13	-		6,647	
Total debtors		14,326		22,908	
Cash at bank and in hand		236		729	
		38,164		49,302	
<b>Creditors: amounts falling due within one year</b> (includes £33,617,000 of balances due to group undertakings - £9,735,000 in 2008)	14	72,365		44,224	
<b>Net current (liabilities)/assets</b>			(34,201)		5,078
<b>Total assets less current liabilities</b>			(33,274)		6,055
<b>Creditors: amounts falling due after more than one year</b>	15	51		24,934	
<b>Provisions for liabilities</b>	17	1,000		1,000	
			1,051		25,934
<b>Net liabilities excluding pension scheme assets/(liabilities)</b>			(34,325)		(19,879)
<b>Pension scheme assets/(liabilities)</b>	18		519		(303)
<b>Net liabilities including pension scheme assets/(liabilities)</b>			(33,806)		(20,182)

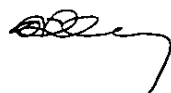
The notes on pages 13 to 31 form part of these financial statements

# IBP Conex Limited

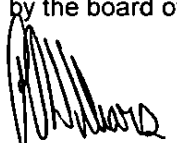
## Balance sheet at 31 December 2009 (continued)

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
<b>Capital and reserves</b>					
Called up share capital	19		5,000		5,000
Profit and loss account	20		(38,806)		(25,182)
			<u>          </u>		<u>          </u>
<b>Shareholders' deficit</b>	21		<b>(33,806)</b>		<b>(20,182)</b>
			<u>          </u>		<u>          </u>

The financial statements were approved by the board of directors and authorised for issue on 16 February 2011



E Riley  
Director



P Williamson  
Director

The notes on pages 13 to 31 form part of these financial statements

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009

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### 1 Accounting policies

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

The following principal accounting policies have been applied

#### *Going concern*

The company has experienced significant trading and cash flow difficulties during the period to 31 December 2009 and to the date of approval of these accounts. During this period the directors have taken actions to mitigate the impact of these difficulties which includes a reduction of the company cost base, consistent monitoring and reduction of working capital and the monitoring and management of available funding facilities. The directors continue to monitor the economic situation and the company's customers and key supplier base on an ongoing basis which includes direct discussions with key customers and suppliers on expectations of activity levels for the forecast period and beyond.

The directors have prepared detailed cash flow forecasts for the period to 31 December 2011 which show the cash flow requirements for that period. The forecasts have been prepared based on recent trading conditions and current expectations of the directors for the company's future trading prospects but as with any forecast it is subject to uncertainty, particularly if trading conditions worsen over the coming months.

The company is party to the Conex Banninger Group banking facilities which formally fell due for repayment on 19 December 2010 and which the bank lender allowed to continue during January 2011 on similar terms. Following an extensive period of negotiation relating to bank and shareholder funding arrangements on 28 January 2011 the bank funder placed CB Holdings Limited and Conex Banninger Limited (the immediate parent companies of IBP Conex Limited) into administration. The directors understand that the intention of the administration is that the bank funder will maintain funding to the company for a period to enable the administrator to restructure the bank and shareholder funding of the company and arrange the sale of the company and its subsidiaries on a going concern basis. The company itself is not in administration and continues to trade.

Although the funding arrangements required to support company trading for at least the period to February 2012 is not yet in place the directors consider that the administration process will enable a significant restructuring of the bank and shareholders loans debts which will in turn enable the company to secure replacement bank and equity funding from a yet to be identified new lender and shareholder and also facilitate the purchase of the company by a trade buyer or finance house investor. Therefore despite the current significant funding difficulties and without being able to make any guarantees as to the future of the company the directors consider that the administration process should support the company in being able to continue to trade for at least the twelve months ended February 2012 and also secure the long-term prospects of the company.

Significant loan funding has been made available to the company through the group structure which formed a series of intermediate parent companies. This loan funding made into the group to enable and support group and company funding was made available to the parent company of the group (Pearl Fittings Holdings S a r l, incorporated in Luxembourg ("Pearl") by the ultimate controlling party (Sun European Capital Partners LLP ("Sun")) and this initial funding has not been confirmed as not being repayable for at least the period to February 2012 by the ultimate controlling party. In addition the company and group have received further significant loan funding from an indirect minority (<1%) shareholder (Endless LLP ("Endless")) which has not been confirmed as not being repayable for at least the period to February 2012 by the shareholder. The company and group is also subject to a cross guarantee for debts owed to Endless and a company related through the ownership of Pearl (Hamsard 3008 Ltd ("Hamsard")) by EP Holdco Limited, Europower Group Limited and Copper II IPR Limited. The directors consider that the companies noted above will not be able to make the required loan repayments to Hamsard and Endless and on this basis the guarantee offered by the company and the wider Conex Banninger group is likely to be called at some time in the future to cover the amounts payable and have been included in the liabilities of a parent company (Conex Banninger Limited) as at 31 December 2009. The initial funding to

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (*continued*)

### 1 Accounting policies (*continued*)

Hamsard was made available to the parent company of the Hamsard group, Pearl, by the ultimate controlling party. The funding from Hamsard has not been confirmed as not being repayable for at least the period to February 2012 by the ultimate controlling party. In addition the funding from Endless has not been confirmed as not being repayable for at least the period to February 2012 by the shareholder. Therefore there is a risk that Hamsard, the minority shareholder or the ultimate controlling party could request repayment of the loan funding and the cross guaranteed debt from the group (via Pearl) within the next 12 months which request could trigger demands for repayment of group company balances against other companies in the group. However the directors note that the group does not have the funding to make any payments of these group company debts and consider that the administration process referred to above will mean that these loans are restructured.

As a result of the above matters the directors have carefully considered going concern in the preparation of these financial statements and although the directors continue to adopt the going concern basis in preparing the accounts, the conditions described above indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern.

The financial statements do not include the adjustments (particularly in respect of recorded asset values) that would result if the company was unable to continue as a going concern.

#### *Implications connected to the administration of the immediate parent companies*

In prior years up to 31 December 2008 Conex Banninger Limited (parent company of CB Holdings Limited, IBP Conex Limited and fellow subsidiaries) prepared and filed consolidated financial statements and this enabled the company to take advantage of certain exemptions in terms of the preparation of a cashflow statement and more extensive disclosure of related party transactions. Until Conex Banninger Limited was placed in administration on 28 January 2011 the directors of the company were of the view that the directors of Conex Banninger Limited would prepare and file consolidated financial statements for the year ended 31 December 2009 and that this would enable the company to continue to take advantage of the noted exemptions. However since this company has been placed in administration the directors are aware that consolidated financial statements for Conex Banninger may not be filed. In addition the directors are aware that the no other parent company, including the ultimate parent company of the group (Pearl Fittings Holdings S a r l, incorporated in Luxembourg) prepares and files consolidated financial statements. Therefore in the absence of any of its parent companies preparing and filing consolidated financial statements there is a requirement for the financial statements of IBP Conex Limited to,

- include a cashflow statement
- include more extensive disclosures on transactions with related parties

However, given the timing of the administration process and the need to file the financial statements of IBP Conex Limited the directors have decided to continue to prepare and file the financial statements of the company and not to follow the requirements noted above.

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	- 7% - 20% per annum
Furniture, fixtures and fittings	- 20% - 33% per annum
Computer equipment	- 25% - 50% per annum



# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

#### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

The difference between the fair value of the assets held in the company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance, with the recognition of any deferred tax asset following the principles described in the deferred tax accounting policy above.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the company are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with Financial Reporting Standard 17 'Retirement benefits'.

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (*continued*)

### 1 Accounting policies (*continued*)

#### Customer rebates

Customer rebates are treated as a reduction in turnover and recognised in the period to which they relate

### 2 Exceptional items

	2009 £'000	2008 £'000
Closure of Dundee manufacturing site	-	749
Onerous lease relating to closure of Dundee manufacturing site	-	1,000
(Gains)/losses on foreign currency loans	(2,173)	6,961
Provision against group balances	5,998	-
	<u>3,825</u>	<u>8,710</u>

Given the circumstances described in note 1 to the financial statements, the directors have taken the decision to provide for all amounts due from group companies shown in the company balance sheet

### 3 Turnover

	2009 £'000	2008 £'000
Analysis by geographical market		
United Kingdom	22,231	27,092
Europe	58,139	50,024
Rest of the world	6,471	5,184
	<u>86,841</u>	<u>82,300</u>

Turnover is wholly attributable to the principal activity of the company

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 4 Operating loss

	2009 £'000	2008 £'000
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	202	373
Hire of plant and machinery - operating leases	173	160
Hire of other assets - operating leases	1,333	1,153
Auditors' remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	44	35
- fees payable relating to 2008 annual accounts	50	-
- other taxation services supplied by the company's auditor	11	6
- other taxation services supplied by the company's previous auditor	-	44
all other services supplied by the company's auditor	20	-
Exchange differences (except group balances - note 2)	183	(930)
Defined benefit pension cost (see below)	170	265
	<u>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>
Defined benefit pension costs charged in arriving at the operating loss comprise the following		
Current service cost	170	265

### 5 Employees

Staff costs (including directors) consist of

	2009 £'000	2008 £'000
Wages and salaries	3,638	4,595
Social security costs	371	425
Other pension costs	202	368
	<u>4,211</u>	<u>5,388</u>

The average number of employees (including directors) during the year was as follows

	2009 Number	2008 Number
Production	-	12
Management and administration	104	108
	<u>104</u>	<u>120</u>

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 6 Directors' remuneration

No director received any emoluments during the current year (2008 - £Nil)

Directors are remunerated by an intermediate parent company, Conex Banninger Limited

### 7 Other interest receivable and similar income

	2009 £'000	2008 £'000
Bank deposits	-	17
Loans to group companies	83	305
	<u>83</u>	<u>322</u>

### 8 Interest payable and similar charges

	2009 £'000	2008 £'000
Bank financing	1,736	2,495
Loans from group companies	587	718
Finance leases and hire purchase contracts	5	5
	<u>2,328</u>	<u>3,218</u>

### 9 Other finance income

	2009 £'000	2008 £'000
Expected return on pension scheme assets	1,923	2,013
Interest on pension scheme liabilities	(1,845)	(1,724)
	<u>78</u>	<u>289</u>

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (*continued*)

### 10 Taxation on loss on ordinary activities

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to loss before tax

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	(14,206)	(14,132)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 - 28%)	(3,978)	(3,957)
Effect of		
Expenses not deductible for tax purposes	1,680	-
Tax losses created in the year	2,250	3,807
Other timing differences	48	150
Current tax charge for the year	-	-

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 11 Tangible fixed assets

	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings and other equipment £'000	Total £'000
<i>Cost</i>				
At 1 January 2009	677	-	824	1,501
Additions	-	12	316	328
Disposals	(115)	-	-	(115)
Transfers to group undertakings	(238)	-	8	(230)
	<u>324</u>	<u>12</u>	<u>1,148</u>	<u>1,484</u>
<i>Depreciation</i>				
At 1 January 2009	289	-	235	524
Provided for the year	46	-	156	202
Transfers to group undertakings	(169)	-	-	(169)
	<u>166</u>	<u>-</u>	<u>391</u>	<u>557</u>
<i>Net book value</i>				
At 31 December 2009	<u>158</u>	<u>12</u>	<u>757</u>	<u>927</u>
At 31 December 2008	<u>388</u>	<u>-</u>	<u>589</u>	<u>977</u>

Given the circumstances explained in note 1 to these financial statements the directors have not performed an impairment review of tangible fixed assets and have maintained the assets at recorded asset value. The directors note the circumstances detailed in note 1 but consider that it is appropriate to maintain the tangible assets at the above value given their confidence in the continued and profitable trading of the group over the long term.

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows:

	2009 £'000	2008 £'000
<i>Net book value</i>		
Fixtures and fittings	<u>47</u>	<u>12</u>
<i>Depreciation charged</i>		
Fixtures and fittings	<u>30</u>	<u>14</u>

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 12 Stocks

	2009 £'000	2008 £'000
Raw materials and consumables	714	694
Work in progress	2,388	1,845
Finished goods and goods for resale	20,500	23,126
	<u>23,602</u>	<u>25,665</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

### 13 Debtors

	2009 £'000	2008 £'000
Amounts receivable within one year		
Trade debtors	11,279	10,663
Amounts owed by group undertakings	-	2,696
Other debtors	2,219	1,683
Prepayments and accrued income	828	1,219
	<u>14,326</u>	<u>16,261</u>
Amounts receivable after more than one year		
Amounts owed by group undertakings	-	6,647
	<u>14,326</u>	<u>22,908</u>

In the year ended 31 December 2010 the directors took the decision to restructure the group balances within the group as much as possible by way of inter-company waivers and substantial elements of amounts due from group companies will not be repaid when these waivers are put in place. Given this process, the circumstances described in note 1 to the financial statements and the financial position of the group and individual companies at 31 December 2009 the directors have taken the decision to provide for all amounts due from group companies shown in the company balance sheet.

Amounts owed by group undertakings are unsecured and have no fixed repayment terms.

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (*continued*)

### 14 Creditors, amounts falling due within one year

	2009 £'000	2008 £'000
Bank financing (secured)	29,985	30,333
Loans and loan notes	3,769	-
Trade creditors	4,001	2,641
Amounts owed to group undertakings	33,617	9,735
Obligations under finance lease and hire purchase contracts	13	14
Other taxes and social security costs	284	267
Other creditors	21	30
Accruals and deferred income	675	1,204
	<u>72,365</u>	<u>44,224</u>

Included within loans and loan notes is £2,800,000 (2008 £2,800,000) of Shareholder loans and £969,000 (2008 £836,000) of loan notes. Both are due to Endless LLP and prior year balances were due in more than one year.

Further information on the current bank funding position is shown in the directors report and note 1 to the financial statements. In the prior year the bank funding was also recorded as being due in less than one year as a result of its bank covenants and in theory, in accordance with the terms of the facilities the funding is then repayable on demand at the request of the group bankers – which request was not made. The bank financing is secured by legal charges over the group's properties and floating charges over other assets and comprise overdraft and loan facilities made available by Landsbanki.

During the year ended 31 December 2009 the company transferred group debts from the company to CB Holdings Limited and replaced its previous amounts owed to group companies balances with an amount owed to CB Holdings Limited. In the year ended 31 December 2010 the directors took the decision to restructure the group balances within the group as much as possible by way of inter company waivers and substantial elements of amounts payable to group companies will not be paid when these waivers are put in place but have been maintained as amounts payable for the 2009 year end. Given the circumstances described in note 1 to the financial statements the amounts payable to group companies are shown as being payable in less than one year.

Amounts owed to group undertakings are unsecured, have no fixed repayment terms and are interest free.

The initial loan funding from Endless accrues interest at the greater of 10% and 2% above the RBS base rate. Accrued interest is payable annually on the anniversary of the loans but has not been paid and has been added to the principal of the loans.



# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 15 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	-	21,298
Obligations under finance lease and hire purchase contracts	51	-
Loans and loan notes	-	3,636
	<u>51</u>	<u>24,934</u>

The obligations under finance leases fall due for repayment in less than two years. In 2008 the amounts due to group undertakings and loans and loan notes were confirmed by the other parties as not being repayable within the next twelve months but had no fixed terms for repayment.

### 16 Deferred tax

	Recognised 2009 £'000	Recognised 2008 £'000	Unrecognised 2009 £'000	Unrecognised 2008 £'000
Accelerated capital allowances	-	-	(80)	131
Tax losses	-	-	3,697	5,394
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax asset	-	-	3,617	5,525
	<u>-</u>	<u>-</u>	<u>3,617</u>	<u>5,525</u>

Deferred tax assets arising on losses and accelerated capital allowances have not been recognised in these accounts as there is insufficient evidence available that these assets will be recovered.

### 17 Provisions for liabilities

	Onerous lease £'000
At 1 January 2009 and 31 December 2009	<u>1,000</u>

The onerous lease provision relates to leased premises at the Dundee manufacturing site.

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (*continued*)

### 18 Pensions

The company operates a defined benefit scheme and a number of defined contribution schemes. The assets of these schemes are held in separate trustee administered funds, or as determined otherwise by local best practice and regulations. There were no changes to the schemes during the year.

A full actuarial valuation of the defined benefit scheme was carried out at 31 December 2007 and updated at 31 December 2009 by a qualified independent actuary.

Details of the defined benefit scheme are given below:

	2009 £'000	2008 £'000
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	(28,825)	(30,948)
Current service cost	(170)	(265)
Interest cost	(1,845)	(1,724)
Contributions by participants	(55)	(84)
Actuarial losses/(gains)	(783)	2,436
Benefits paid	1,117	1,760
	<hr/>	<hr/>
At the end of the year	(30,561)	(28,825)
	<hr/>	<hr/>
	2009 £'000	2008 £'000
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	30,561	28,825
	<hr/>	<hr/>
	2009 £'000	2008 £'000
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	28,404	33,747
Expected rate of return on plan assets	1,923	2,013
Actuarial gains/(losses)	1,685	(6,041)
Contributions by company	713	361
Contributions by participants	55	84
Benefits paid	(1,117)	(1,760)
Fees and expenses	(381)	-
	<hr/>	<hr/>
At the end of the year	31,282	28,404
	<hr/>	<hr/>

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 18 Pensions (continued)

	2009 £'000	2008 £'000
<i>Reconciliation to balance sheet</i>		
Present value of funded obligations	(30,561)	(28,825)
Fair value of plan assets	31,282	28,404
	<hr/>	<hr/>
Plan surplus/(deficit)	721	(421)
Related deferred tax (liability)/asset	(202)	118
	<hr/>	<hr/>
Net asset/(liability)	519	(303)
	<hr/>	<hr/>
	2009 £'000	2008 £'000
<i>The amounts recognised in profit and loss are as follows</i>		
<i>Included in administrative expenses</i>		
Current service cost	(170)	(265)
<i>Included in other finance (income)/expense</i>		
Interest cost	(1,845)	(1,724)
Expected return of plan assets	1,923	2,013
	<hr/>	<hr/>
	(92)	24
	<hr/>	<hr/>
	2009 £'000	2008 £'000
<i>Analysis of amount recognised in statement of total recognised gains and losses</i>		
Actual return less expected return on pension plan assets	3,608	(4,028)
Experience gains and losses arising on the scheme liabilities	574	(1,516)
Changes in assumptions underlying the present value of the scheme liabilities	(3,280)	1,939
	<hr/>	<hr/>
Actuarial gains/(losses) recognised in the statement of total recognised gains and losses	902	(3,605)
	<hr/>	<hr/>
	2009 £'000	2008 £'000
<i>Cumulative amount of gains/(losses) recognised in the statement of total recognised gains and losses</i>	(923)	(1,825)
	<hr/>	<hr/>

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 18 Pensions (continued)

	2009 £'000	2008 £'000
<i>Composition of plan assets</i>		
European equities	14,703	11,930
European bonds	13,764	14,202
Property	2,503	2,272
Cash	312	-
	<hr/>	<hr/>
Total plan assets	31,282	28,404
	<hr/>	<hr/>

#### *Narrative description of the basis used to determine the overall expected rate of return of assets*

Overall expected rate of return on plan assets is based upon historical returns of the investment performance adjusted to reflect expectations of future long-term returns by asset class

	2009 £'000	2008 £'000
<i>Actual return less expected return on pension plan assets</i>	3,608	(4,028)
	<hr/>	<hr/>

	2009 %	2008 %
<i>Principle actuarial assumptions used at the balance sheet date</i>		
Discount rates	5.80	6.50
Expected rates of return on plan assets		
Future salary increases	1.00	3.90
Future pension increases	2.90	3.30
Inflation assumption	3.00	3.30

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
<i>Five year history</i>					
Present value of the plan liabilities	(30,561)	(28,825)	(30,948)	(32,376)	(32,560)
Fair value of the plan assets	31,282	28,404	33,747	32,687	31,875
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Surplus/(deficit) on the pension plans	721	(421)	2,799	311	(685)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Experience adjustments arising on</i>					
Plan liabilities	574	(1,516)	220	228	(576)
Plan assets	1,685	(6,041)	(328)	(622)	2,981
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 18 Pensions (continued)

The company's best estimate of the contributions expected to be paid in the year beginning on the 1 January 2010 is £340,000

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £202,000 (2008 - £368,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 19 Share capital

	2009 £'000	2008 £'000
<i>Allotted, called up and fully paid</i>		
5,000,000 ordinary shares of £1 each	5,000	5,000

### 20 Reserves

	Profit and loss account £'000
At 1 January 2009	(25,182)
Loss for the year	(14,206)
Actuarial loss on pension scheme	902
Deferred tax on defined benefit scheme	(320)
	<hr/>
At 31 December 2009	(38,806)

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 21 Reconciliation of movements in shareholders' deficit

	2009 £'000	2008 £'000
Loss for the year	(14,206)	(14,132)
Other net recognised gains and losses relating to the year		
- Actuarial (loss) / gain on defined benefit scheme	902	(3,605)
- Deferred tax on defined benefit scheme	(320)	118
	<u>          </u>	<u>          </u>
Net deductions from shareholders' deficit	(13,624)	(17,619)
Opening shareholders' deficit	(20,182)	(2,563)
	<u>          </u>	<u>          </u>
Closing shareholders' deficit	(33,806)	(20,182)
	<u>          </u>	<u>          </u>

### 22 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2009 £'000	Other 2009 £'000	Land and buildings 2008 £'000	Other 2008 £'000
Operating leases which expire				
Within one year	207	15	-	17
In two to five years	-	136	594	128
After five years	691	-	542	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	898	151	1,136	145
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 23 Contingent liabilities

As explained in note 1 and note 26 to these financial statements CB Holdings Limited and Conex Banninger Limited (the immediate parent companies of the company) were placed in administration on 28 January 2011. The notes below refer to cross guarantees and arrangements with these companies that may be significantly affected by the administration process.

At 31 December 2009 the company was party to a debt facility with Landsbanki Commercial Finance, ("the facility") whereby each group company within the facility guarantees the debt of other group companies within the facility. The guarantee is supported by charges on property, assets and undertakings. At 31 December 2009 the company was indebted to Landsbanki Commercial Finance for £29,887,000 (2008 - £30,333,000) and all group companies within the facility had a total debt due of £38,468,000 (2008 - £36,921,000).

In addition, as at 31 December 2009 the company and Conex Banninger Limited, an intermediate parent undertaking were party to debt facilities with Sun Capital Partners IV,LP ("Sun") and Endless LLP ("Endless"), whereby the company and Conex Banninger Limited cross guarantee the total debt under these facilities. At 31 December 2009 the company was indebted for £3,769,000 (2008 - £3,640,000) and all other group companies within the facility had a total debt due of £5,802,000 (2008 - £5,247,000).

The directors have received communications from the European Commission which suggests that the commission is seeking to recover funds from the Conex Banninger Limited group in respect of fines levied in 2006 against companies that were part of the group but which went into administration in 2007. The amount of any financial redress and / or fines that the Commission are seeking to obtain from the group is €11.26m and €5.63m, being the fines levied against the two former group companies (IBP Limited and IBP France SA) respectively. The communications have been in progress for some years and are continuing. The directors have appointed legal advisers to provide guidance on the communications and the possibilities of any payments being made by the group in respect of these matters. On the basis of the legal advice received the directors consider the risk of the company making any significant payments in respect of the amounts noted above is remote and therefore do not consider it necessary to provide a liability within the financial statements but consider that the continuing communications with the Commission means that disclosure is now appropriate.

At 31 December 2009 the company was also party to loan note agreements whereby it guaranteed the combined debts of Europower Group Limited, EP Holdco Limited and Copper II IPR Limited owing to Endless and Hamsard 3008 Limited ("Hamsard"). Europower Group Limited, EP Holdco Limited, Copper II IPR Limited and Hamsard are all owned by Pearl Fittings Holdings S a r l ("Pearl") an intermediate parent undertaking of IBP Conex Limited. Pearl also owns all of the share capital of Copper Topco Limited which owns the company through its ownership of the Conex Banninger Group. Pearl is in turn owned by Sun.

At 31 December 2009 the following balances were due:

	Amount owed to Hamsard 3008 Limited 2009 £'000	Amount owed to Hamsard 3008 Limited 2008 £'000	Amount owed to Endless LLP 2009 £'000	Amount owed to Endless LLP 2008 £'000
EP Holdco Limited	1,300	1,187	299	294
Europower Group Limited	8,072	7,369	1,854	1,823
Copper II IPR Limited	1,491	1,361	344	337
	<u>10,863</u>	<u>9,917</u>	<u>2,497</u>	<u>2,454</u>

# IBP Conex Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 23 Contingent liabilities (continued)

At 31 December 2009 Hamsard had a liability to Pearl which is equivalent to the total amount shown above

During year ended 31 December 2009, EP Holdco Limited, Europower Group Limited and Copper II IPR Limited entered administration. The directors therefore consider that the companies noted above will not be able to make the required loan repayments to Hamsard and Endless. On this basis the guarantee offered by the Conex Banninger group is likely to be called at some time in the future to cover the amounts payable to Pearl (and then to Sun). These amounts are included in the liabilities of Conex Banninger Limited as at 31 December 2009.

The initial loan funding made into the Hamsard group to enable and support this group's funding was made available to the parent company of the group (Pearl) by the ultimate controlling party. The amounts now regarded as payable by the group to Hamsard have not been confirmed as not being repayable for at least the period to February 2012 by the ultimate controlling party. In addition the amounts now regarded as being due to Endless have not been confirmed as not being repayable for at least the period to February 2012. Therefore there is a risk that Hamsard, Sun or Endless could request repayment of the amounts payable from the group or Pearl within the next 12 months which request could trigger demands for repayment of group company balances against other companies in the group. However the directors note that the group does not have the funding to make any payments of these group company debts and do not consider that there is any likelihood that a request for repayment will be received within the next twelve months.

The loans from Hamsard and Endless accrue interest at the greater of 10% and 2% above the RBS base rate. Accrued interest is payable annually on the anniversary of the loans but has not been paid and has been added to the principal of the loans.

### 24 Related party disclosures

As explained in note 1 the company has not disclosed its transactions with companies within the Conex Banninger Limited group of companies. The transactions with a minority shareholder within the Conex Banninger Limited group are disclosed below.

#### *Related party transactions and balances*

	Endless LLP £'000
<b>2009</b>	
Loans outstanding at 31 December 2009	3,769
Interest payable on loans outstanding at 31 December 2009	269
Management charges for the year	69
<b>2008</b>	
Loans outstanding at 31 December 2008	3,636
Interest payable on loans outstanding at 31 December 2008	136
Management charges for the year	64



# **IBP Conex Limited**

## **Notes forming part of the financial statements for the year ended 31 December 2009 (*continued*)**

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### **25 Ultimate controlling party and group structure**

The company is a wholly owned subsidiary of CB Holdings Limited which is itself a wholly owned subsidiary of Conex Banninger Limited, a company incorporated in Great Britain. Conex Banninger Limited is owned by Copper Topco Limited (with a small minority held by another shareholder) which is owned by Pearl Fittings Holdings S a r l, incorporated in Luxembourg. As explained in note 1 for the year ended 31 December 2009 there is no parent company in the group that prepares and files consolidated financial statements.

The ultimate controlling party is Sun European Capital Partners IV, LP.

### **26 Post balance sheet events**

Following an extensive period of negotiation relating to bank and shareholder funding arrangements on 28 January 2011 the bank funder placed CB Holdings Limited and Conex Banninger Limited (the immediate parent companies of IBP Conex Limited) into administration. The directors understand that the intention of the administration is that the bank funder will maintain funding to the company for a period to enable the administrator to restructure the bank and shareholder funding of the company and arrange the sale of the company and its subsidiaries on a going concern basis. The company itself is not in administration and continues to trade.