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Registration number FC024929

Black Heath Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2014

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**Black Heath Limited
Company Information**

Directors	G E Barnes M J Richards G P Martin
Company secretary	G E Barnes
Registered office	PO Box 25 Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3AP
Registration number	35026
UK registration number	FC024929

Black Heath Limited

Strategic Report for the Year Ended 31 December 2014

The Directors present their strategic report for the year ended 31 December 2014

Principal activity

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.

Fair review of the business

The operating loss for the year ended 31 December 2014 was US \$9,000 (year ended 31 December 2013: loss of US \$12,000). The retained profit for the year ended 31 December 2014 was US \$61,134,000 (year ended 31 December 2013: loss of US \$12,000).

During the year, a review of the carrying value of the Company's investments resulted in the recognition of an impairment provision of US \$610,016,000 which has been charged as an exceptional expense.

The Company considers its key performance indicators to be in line with those of Melrose Industries PLC as disclosed in the Strategic Report of the 2014 Annual Report.

The members of the Company have resolved to waive the requirement to have these accounts audited under part XVI section 256 of the Guernsey Companies Law, 2008.

Principal risks and uncertainties

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

Credit risk

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

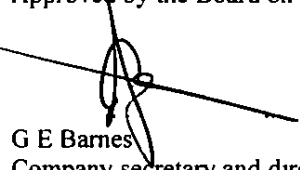
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company ensures regular communication with other Group companies.

Black Heath Limited
Strategic Report for the Year Ended 31 December 2014

Going concern

The Directors have considered the going concern assumption given the current uncertain 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.

Approved by the Board on 18 August 2015 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'G E Barnes', is written over a horizontal line.

G E Barnes
Company secretary and director

Black Heath Limited
Directors' Report for the Year Ended 31 December 2014

The Directors present their report and the unaudited financial statements for the year ended 31 December 2014

Directors of the company

The directors who held office during the year were as follows

G E Barnes - Company secretary and director

M J Richards

G P Martin

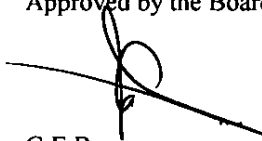
Dividends

The Directors paid a dividend in the year of US \$671,052,000 (year ended 31 December 2013 US \$nil)

Directors' indemnities

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.

Approved by the Board on 18 August 2015 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'G E Barnes', is written over a horizontal line.

G E Barnes
Company secretary and director

Black Heath Limited

Statement of 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 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, 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 Guernsey Companies Law, 2008. 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.

Black Heath Limited
Profit and Loss Account for the Year Ended 31 December 2014

	Note	2014 US\$ 000	2013 US\$ 000
Administrative expenses		<u>(9)</u>	<u>(12)</u>
Operating loss		(9)	(12)
Exceptional items	2	(610,016)	-
Income from shares in group undertakings	3	<u>671,159</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation		61,134	(12)
Tax on profit/(loss) on ordinary activities		<u>-</u>	<u>-</u>
Profit/(loss) for the financial year	11	<u><u>61,134</u></u>	<u><u>(12)</u></u>

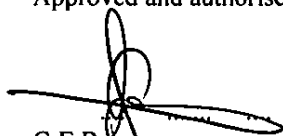
The above results derive from continuing operations

The company has no recognised gains or losses for the year other than the results above

Black Heath Limited
(Registration number: FC024929)
Balance Sheet as at 31 December 2014

	Note	2014 US\$ 000	2013 US\$ 000
Fixed assets			
Investments	6	-	610,016
Current assets			
Debtors	7	50	-
Creditors Amounts falling due within one year	8	-	(48)
Net current assets/(liabilities)		50	(48)
Net assets		50	609,968
Capital and reserves			
Called up share capital	9	-	610,000
Share premium reserve	11	50	50
Profit and loss account	11	-	(82)
Shareholders' funds	12	50	609,968

Approved and authorised for issue by the Board on 18 August 2015 and signed on its behalf by



G E Barnes
Company secretary and director

Black Heath Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently.

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with Guernsey Companies law 2008 and accounting standards, and on a going concern basis as described in the Strategic report.

The Company is managed and controlled in the UK and is therefore deemed for UK Company law purposes to have a UK branch and is obliged to file these accounts with Companies House. The Company was incorporated in Guernsey and under Guernsey Company law it is necessary to file an annual return with the Guernsey authorities. The Company is exposed to Guernsey taxation at the standard Company rate of 0%.

Exemption from preparing a cash flow statement

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

Going concern

The Directors have considered the going concern assumption given the current uncertain 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.

Impairment

Fixed assets (including investments) are reviewed for impairment when changes in circumstances or events indicate that the carrying value of the fixed assets may not be recoverable. An impairment loss is recognised where the recoverable amount is less than the carrying value.

Fixed asset investments

The Company's investments in shares in Group companies are stated at cost less provision for impairments in value. Income received from investments is credited to the Profit and Loss account on a receivables basis.

Black Heath Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

1 Accounting policies (continued)

Taxation

Current tax, including Guernsey 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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account

2 Exceptional items

	2014 US\$ 000	2013 US\$ 000
Impairment of investments	<u>610,016</u>	<u>-</u>

During the year, a review of the carrying value of the Company's investments resulted in the recognition of an impairment provision of US \$610,016,000

Black Heath Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

3 Investment income

	2014 US\$ 000	2013 US\$ 000
Dividends received from subsidiary undertakings	671,159	-
	<u>671,159</u>	<u>-</u>

4 Particulars of employees

The Company did not have any employees in the current year or the prior year

5 Directors' remuneration

The Directors received no remuneration for their services to the Company during the year (year ended 31 December 2013 £nil) The Directors of the Company who served during the year were also Directors of a number of the companies within the Melrose Group and as such remuneration of directors is borne by a fellow company

Black Heath Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

6 Investments

Shares in group undertakings and participating interests

	Subsidiary undertakings US\$ 000	Total US\$ 000
Cost		
At 1 January 2014	610,016	610,016
At 31 December 2014	610,016	610,016
Provision for impairment		
At 1 January 2014	-	-
Charge for year	610,016	610,016
At 31 December 2014	610,016	610,016
Net book value		
At 31 December 2014	-	-
At 31 December 2013	610,016	610,016

During the year, a review of the carrying value of the Company's investments resulted in the recognition of an impairment provision of US \$610,016,000 which has been charged as an exceptional expense

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Country of incorporation	Holding	Proportion held	Principal activity
Subsidiary undertakings				
Hamsard 2246	Great Britain	Ordinary	100%	Dormant

Black Heath Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

7 Debtors

	2014 US\$ 000	2013 US\$ 000
Amounts owed by group undertakings	<u>50</u>	<u>-</u>

8 Creditors: Amounts falling due within one year

	2014 US\$ 000	2013 US\$ 000
Amounts owed to group undertakings	<u>-</u>	<u>48</u>

9 Share capital

Allotted, called up and fully paid shares

	No.	2014 US\$ 000	No.	2013 US\$ 000
Ordinary shares of US \$1 each	156	-	610,000,000	610,000
Ordinary shares of £1 each	-	-	2	-
	<u>156</u>	<u>-</u>	<u>610,000,002</u>	<u>610,000</u>

On 17 December 2014, the Directors of the Company passed a Special Resolution to effect a share buy back. The existing share capital of the Company was reduced by cancelling 609,999,844 Ordinary Shares of US \$1.00 each and 2 Ordinary Shares of £1.00 each. As a result US \$609,999,847 was transferred to the Profit and loss account reserve.

10 Dividends

	2014 US\$ 000	2013 US\$ 000
Dividends paid	<u>671,052</u>	<u>-</u>

Black Heath Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

11 Reserves

	Share premium account US\$ 000	Profit and loss account US\$ 000	Total US\$ 000
At 1 January 2014	50	(82)	(32)
Profit for the year	-	61,134	61,134
Dividends	-	(671,052)	(671,052)
Share buy back and cancellation	-	610,000	610,000
At 31 December 2014	<u>50</u>	<u>-</u>	<u>50</u>

12 Reconciliation of movement in shareholders' funds

	2014 US\$ 000	2013 US\$ 000
Profit/(loss) attributable to the members of the company	61,134	(12)
Dividends	<u>(671,052)</u>	<u>-</u>
Net reduction to shareholders funds	(609,918)	(12)
Shareholders' funds at 1 January	<u>609,968</u>	<u>609,980</u>
Shareholders' funds at 31 December	<u>50</u>	<u>609,968</u>

13 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group

14 Control

The immediate parent company is FKI Limited, which is incorporated in England and Wales

The ultimate parent company and controlling party is Melrose Industries PLC, which is incorporated in England and Wales

The smallest and largest group in which results of the Company are consolidated is that headed by Melrose Industries PLC Consolidated financial statements are available from the 11th Floor, Colmore Plaza, 20 Colmore Circus Queensway, Birmingham, West Midlands, B4 6AT