

Registered No. 01691122

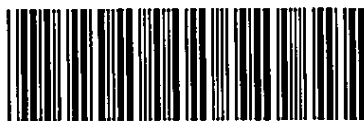
IMI Watson Smith Limited

Directors' report and financial statements

For the year ended 31 December 2010

(Registered in England and Wales - number 01691122)

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COMPANIES HOUSE

IMI WATSON SMITH LIMITED
Company details

Directors

W O C North

D W Powell-Wiffen

Secretary

A Haigh

Auditors

Ernst & Young LLP

No 1 Colmore Square

Birmingham

B4 6HQ

Registered office

Cross Chancellor Street

Leeds

LS6 2RT

IMI WATSON SMITH LIMITED
Directors' report and financial statements
for the year ended 31 December 2010

Registered No. 01691122

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IMI WATSON SMITH LIMITED
Registered No. 01691122
Directors' report
for the year ended 31 December 2010

The Directors of IMI Watson Smith Limited submit their Report together with the financial statements for the year ended 31 December 2010

Principal activities

The company is a wholly owned subsidiary of IMI Kynoch Limited. The company did not trade during the year following the sale of the trade and assets of the company to a fellow group company on 1 April 2005, and is not expected to trade in 2011.

The company's sole income is derived from interest earned on a loan due from a group company.

Result for the year and Dividends

The profit and loss account for the year is shown on page 5. The profit for the year, after taxation, amounts to £71,000 (2009 £112,000).

The directors do not recommend the payment of a final dividend for the year. In the 2009 Directors' report, the directors had recommended a dividend of £4,394,000. However, this dividend was not formally approved or paid during the year.

Directors

The directors who held office during the year and since 31 December 2010 were as follows:

W O C North
D W Powell-Wiffen

The company's ultimate parent, IMI plc, maintained directors liability insurance for all directors during the financial year.

Going Concern

The company participates in the group's centralised treasury function and so shares funding arrangements with its parent and fellow subsidiaries. Having assessed the responses of the directors of IMI plc, the company's ultimate parent, to their enquiries, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of IMI plc to continue as a going concern or its ability to continue with the current funding arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of IMI plc, the company's directors have a reasonable expectation that the company will be able to continue in operational existence in the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 485 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By Order of the Board



W O C North
Director
23 September 2011

IMI WATSON SMITH LIMITED**Statement of directors' responsibility in respect of the Directors' Report and the financial statements**

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments and 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.

IMI WATSON SMITH LIMITED
Independent auditor's report to the members of
IMI Watson Smith Limited

We have audited the financial statements of IMI Watson Smith Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, Reconciliation in movements in shareholders' funds, and the related notes 1 to 11. 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 the directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

IMI WATSON SMITH LIMITED
Independent auditor's report to the members of
IMI Watson Smith Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Christopher Voogd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

27 SEPTEMBER 2011

IMI WATSON SMITH LIMITED
Profit and loss account
for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Interest receivable and similar income	5	98	156
Profit on ordinary activities before taxation		98	156
Taxation on profit on ordinary activities	6	(27)	(44)
Profit on ordinary activities after taxation			
being profit for the financial year		71	112

There are no material differences between the profit before taxation and the profit for the current and preceding years shown in the profit and loss accounts and their historical cost equivalents

There were no recognised gains or losses in either the current or preceding year other than the profit for the financial year

All profits and losses on ordinary activities before taxation for the current and preceding year arise from continuing operations

IMI WATSON SMITH LIMITED
Balance sheet
as at 31 December 2010

	Notes	2010 £000	2009 £000
Current assets			
Debtors	7	4,980	4,926
Creditors.			
Amounts falling due within one year	8	(27)	(44)
Net assets		<u>4,953</u>	<u>4,882</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	4,953	4,882
Equity shareholder's funds		<u>4,953</u>	<u>4,882</u>

These financial statements were approved by the board of directors on 23 September 2011 and were signed on its behalf by

W. A. N.

W O C North
Director

IMI WATSON SMITH LIMITED**Reconciliation of movements in shareholder's funds
as at 31 December 2010**

	2010 £000	2009 £000
Profit for the financial year	<u>71</u>	<u>112</u>
Net addition to shareholder's funds	71	112
Opening shareholder's funds	4,882	4,770
Closing shareholder's funds	<u><u>4,953</u></u>	<u><u>4,882</u></u>

IMI WATSON SMITH LIMITED
Notes to the financial statements
for the year ended 31 December 2010

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of accounting

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

Related parties

As the Company is a wholly owned subsidiary of IMI plc, the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of IMI plc, within which the Company is included, can be obtained from the address given in Note 11

Cash Flow Statement

The Company is exempt from the requirements of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of IMI plc and its cash flows are included within the consolidated cash flow statement of that company

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed at the balance sheet date, except as otherwise required by FRS19

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 1

The company participates in the group's centralised treasury function and so shares funding arrangements with its parent and fellow subsidiaries Having assessed the responses of the directors of IMI plc, the company's ultimate parent, to their enquiries, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of IMI plc to continue as a going concern or its ability to continue with the current funding arrangements

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of IMI plc, the company's directors have a reasonable expectation that the company will be able to continue in operational existence in the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

2 Remuneration of directors

The directors of the company are remunerated by Norgren Ltd The directors consider that the level of their qualifying services provided to this company are inconsequential in the context of their other roles within the group

3 Staff numbers

No other persons were employed during the current year or during the previous year All administration services were provided by Norgren Limited

IMI WATSON SMITH LIMITED
Notes to the financial statements
for the year ended 31 December 2010

4 Auditor's remuneration

Auditor's remuneration is borne by a fellow group undertaking. No non audit services have been provided by the auditors during the year (2009 £Nil)

5 Interest receivable and similar income

	2010	2009
	£000	£000
Interest receivable from group undertakings	<u>98</u>	<u>156</u>

6. Taxation

(a) Tax on profit on ordinary activities

	2010	2009
	£000	£000
Current tax		
UK corporation tax	<u>27</u>	<u>44</u>

(b) Factors affecting the tax charge for the current period

The tax assessed for the period is the same as the standard rate of tax of corporation tax in the UK of 28% (2009 28%)

(c) Factors that may affect future charges

The Finance (No 2) Act 2010 reduced the main rate of UK Corporation Tax from 28% to 27% from 1 April 2011 which was substantively enacted prior to the balance sheet date. Additional changes to the main rate of UK Corporation Tax were proposed in the Budget of 23 March 2011 to reduce the main rate to 26% from 1 April 2011 and by 1% per annum to 23% by 1 April 2014. The 1% reduction in the main rate of UK Corporation Tax to 26% was substantively enacted on 29 March 2011. These changes are considered to have no effect on these financial statements.

7 Debtors - due within one year

	2010	2009
	£000	£000
Amounts owed by group undertakings	<u>4,980</u>	<u>4,926</u>

Amounts owed by group undertakings are established at arm's length terms and bear interest at the relevant interest rate plus an appropriate margin.

8 Creditors - amounts falling due within one year

	2010	2009
	£000	£000
Corporation tax	<u>27</u>	<u>44</u>

IMI WATSON SMITH LIMITED
Notes to the financial statements
for the year ended 31 December 2010

9 Share Capital

	2010	2009
	£	£
<i>Authorised, issued, allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

10 Reserves

	Profit and loss account £000
Balance at beginning of year	4,882
Profit on ordinary activities after tax	<u>71</u>
Balance at end of year	<u>4,953</u>

11 Ultimate parent company

The immediate parent company is IMI Kynoch Limited and the ultimate parent company is IMI plc both of which are incorporated in England and Wales. A copy of the group financial statements of that company can be obtained from

The Company Secretary
IMI plc
Lakeside
Solihull Parkway
Birmingham Business Park
Birmingham B37 7XZ

Or at www.imiplc.com