

**PEABODY ENGINEERING (No. 2)  
LIMITED (formerly known as Peabody  
Engineering Limited)**

Company Registration No. 109057

Annual report for year ended  
31st March 2008

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**Peabody Engineering (No. 2) Limited**  
**(Formerly known as Peabody Engineering Limited)**  
Company Registration No 109057

**Report of the Directors for the year ended 31 March 2008**

The directors present their report and the financial statements for the year ended 31<sup>st</sup> March 2008.

**Principal activities, review of the business and future prospects**

The company has not traded during the year and will remain dormant for the foreseeable future.

**Principal Risks and Uncertainties**

The business risks affecting the Company are managed at group level and the Directors assess this as reasonable given that the Company is dormant.

**Key Performance Indicators ('KPI's')**

Specific KPI's are not considered relevant for the business given the current status as a dormant company.

**Directors**

The following directors held office during the year and to the date of signing:

Mr A T Barlow (resigned 14 July 2008)  
Mr A Pardon (resigned 14 July 2008)  
MR R G Lee (appointed 14 July 2008)  
Mr J F Soden (appointed 14 July 2008)

**Post Balance Sheet Events**

On 16 October 2008 the company changed its name to Peabody Engineering (No. 2) Limited. The entity prior to this date was known as Peabody Engineering Limited.

None of the directors had any interest in the share capital of the Company, the immediate or ultimate parent undertaking.

**Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for maintaining proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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**Auditors**

The Company has passed a special resolution in accordance with Section 250 of the Companies Act 1985 whereby no auditors need to be appointed.

By order of the board



Roger Lee  
Secretary

January 2009

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**Statement of accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

**1 Basis of accounting**

The financial statements have been prepared under the historical cost basis of accounting, and in accordance with applicable Accounting Standards.

The Company has adopted FRS21, Events after the balance sheet date, and the disclosure requirements of FRS25, Financial instruments, disclosure and presentation. However neither standard has resulted in any changes to the financial statements in either the current or prior year.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of NPIL Holdco Limited. NPIL Holdco Limited prepares consolidated financial statements which are publicly available.

The Company is also, on this basis, exempt from the requirement of FRS1 to present a cash flow statement.

**2 Related party transactions**

The Company has taken advantage of the exemption set out in FRS 8 relating to subsidiary undertakings and has not disclosed transactions with other group companies.

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**Profit and loss account for the year to 31 March 2008**

	Notes	2008 £'000	2007 £'000
<b>Operating (profit)/loss</b>			
Dividend payable	3	-	98
<b>Loss on ordinary activities before taxation</b>		-	98
Tax on loss on ordinary activities		-	-
<b>Retained loss for the year</b>	4	-	98

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**Balance sheet as at 31 March 2008**

	Notes	2008 £'000	2007 £'000
<b>Current assets</b>			
Debtors	1	2,483	2,483
<b>Current liabilities</b>			
Creditors		(98)	(98)
<b>Net assets</b>		<b>2,385</b>	<b>2,385</b>
<b>Capital and reserves</b>			
Called up share capital	2	103	103
Profit and loss account	3	2,282	2,282
<b>Equity shareholders' funds</b>	4	<b>2,385</b>	<b>2,385</b>

The Directors are satisfied that for the year ended 31 March 2008 the Company is entitled to exemption under Section 249AA of the Companies Act 1985 and that no member or members have requested an audit pursuant to Section 249B(2) of the Act.

The Directors acknowledge their responsibility for:

1. ensuring that the Company maintains proper accounting records which comply with Section 221 of the Companies Act 1985.
2. preparing accounts which give a true and fair view of the state of affairs of the Company as at the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the Company.

The financial statements were approved by the board of directors on 15 January 2009 and were signed on its behalf by:

  
 John Soden  
 Director

The notes on page 3 and from 5 to 7 form part of these financial statements.

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**Notes to the Accounts - 31 March 2008**

**1 Debtors**

	2008 £'000	2007 £'000
Amounts owed by group companies	2,483	2,483

**2 Share Capital**

	2008 and 2007	
	Number 000	Value £'000
Ordinary shares of £1 each Authorised	120	120
Issued, called up and fully paid	103	103

**3 Reserves**

	Profit and loss account £'000
At 1 April 2007	2,282
	-
At 31 March 2008	2,282

**4 Reconciliation of movement in shareholders funds**

	2008 £'000	2007 £'000
At 1 April	2,385	2,483
	-	(98)
At 31 March	2,385	2,385

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**5 Ultimate Parent Company**

<b>Name</b>	<b>Country of incorporation</b>	<b>Address from where group accounts are obtainable</b>
<b><i>Immediate Parent Company</i></b>		
Hamworthy Combustion Equipment (Holdings) Limited	United Kingdom	Summit House, London Road, Bracknell, Berkshire, RG12 2AQ
<b><i>Ultimate Parent Company to 9 May 2007</i></b>		
Nikko Citi Holdings Inc. (prior to 1 May 2008 known as Nikko Cordial Corporation)	Japan	6-5 Nihonbashi kabuto-cho, Chuo-ku, Tokyo 103-8225, Japan
<b><i>Ultimate Parent Company from 9 May 2007</i></b>		
Citigroup Inc.	United States	399 Park Avenue, New York NY 10043

The immediate parent of the Company is Hamworthy Combustion Equipment (Holdings) Limited. The ultimate parent undertaking of the Company for the purposes of s.736 Companies Act 1985 is Prestige (No. 1) Limited. However, the directors consider that Nikko Principal Investments Limited, which holds warrants to subscribe for ordinary shares in the Company's intermediate parent undertaking, Prestige Acquisitions Limited, and which, on exercise, would make it the majority shareholder, has effective control of the Company. NPIL Hold Co Limited, a company registered in England and Wales, is the immediate parent undertaking of Nikko Principal Investments Limited and is in turn, 100% owned by Nikko Cordial Corporation, a company incorporated in Japan. On 9 May 2007, Citigroup Inc acquired a 61.08% stake in Nikko Cordial Corporation, a further 8% in June 2007, and bought out the remaining minority shareholders of Nikko Cordial Corporation on 23 January 2008. Therefore, as at 31 March 2008, the Directors consider Citigroup Inc to be the ultimate parent company.

NPIL Hold Co Limited is the parent undertaking of the smallest and largest group that presents consolidated financial statements including the results of the Company. Copies of the financial statements for NPIL Hold Co Limited are available from the Company Secretary, NPIL Hold Co Limited, 100 Pall Mall, London SW1Y 5NN.