

COMPANY REGISTRATION NUMBER 4625347

SIME LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2006

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SIME LIMITED

Officers and professional advisers

The board of directors	M C Menini P A Linley
Company secretary	Mrs J Wightman
Registered office	1a Blue Ridge Park Thunderhead Glasshoughton Castleford WF10 4UA
Auditor	Robertshaw & Myers Chartered Accountants & Registered Auditors Number 3 Acorn Business Park Keighley Road Skipton North Yorkshire BD23 2UE
Bankers	HSBC Bank plc PO Box 45 47 Market Street Bradford West Yorkshire BD1 1LW

SIME LIMITED

The directors' report

Year ended 31 December 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2006

Principal activities

The principal activity of the company during the year was the distribution and maintenance of boilers

Directors

The directors who served the company during the year were as follows

M C Menini	
P A Linley	(Appointed 17 July 2006)
C Pagan	(Resigned 26 June 2006)
M Hartley	(Resigned 19 May 2006)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

P A Linley had no interest in the shares of the company at any time during the period

Directors' responsibilities

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 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.

In so far as the directors are aware:

there is no relevant audit information of which the company's auditor is unaware; and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

SIME LIMITED

The directors' report *(continued)*

Year ended 31 December 2006

Auditor

A resolution to re-appoint Robertshaw & Myers as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office
1a Blue Ridge Park
Thunderhead
Glasshoughton
Castleford
WF10 4UA

Signed on behalf of the directors



P A Linley
Director

Approved by the directors on 24 April 2007

SIME LIMITED

Independent auditor's report to the shareholders of Sime Limited

Year ended 31 December 2006

We have audited the financial statements of Sime Limited for the year ended 31 December 2006 on pages 6 to 13, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 8 to 9

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditor

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

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

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

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

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

Basis of audit opinion

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

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

SIME LIMITED

Independent auditor's report to the shareholders of Sime Limited *(continued)*

Year ended 31 December 2006

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements



ROBERTSHAW & MYERS
Chartered Accountants
& Registered Auditors

Number 3
Acorn Business Park
Keighley Road
Skipton
North Yorkshire
BD23 2UE

24 April 2007

SIME LIMITED

Profit and loss account

Year ended 31 December 2006

	Note	2006 £	2005 £
Turnover		4,491,186	4,484,797
Cost of sales		(3,736,940)	(3,844,646)
Gross profit		754,246	640,151
Distribution costs		(204,964)	(180,372)
Administrative expenses		(316,793)	(326,837)
Other operating income		10,118	7,917
Operating profit	1	242,607	140,859
Interest receivable	3	3,707	3,999
Interest payable and similar charges		(2,400)	(1,500)
Profit on ordinary activities before taxation		243,914	143,358
Tax on profit on ordinary activities	4	(76,148)	(43,043)
Profit for the financial year		167,766	100,315
Balance brought forward		91,510	(8,805)
Balance carried forward		259,276	91,510

The accounting policies and notes on pages 8 to 13 form part of these financial statements.

SIME LIMITED

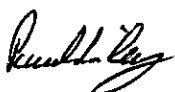
Balance sheet

31 December 2006

	Note	£	2006 £	£	2005 £
Fixed assets					
Tangible assets	5	-	25,232		19,048
Current assets					
Stocks		530,632		390,010	
Debtors	6	1,083,362		908,082	
Cash at bank and in hand		456,481		89,309	
		<u>2,070,475</u>		<u>1,387,401</u>	
Creditors: amounts falling due within one year	7	<u>(1,835,431)</u>		<u>(1,313,939)</u>	
Net current assets			<u>235,044</u>		<u>73,462</u>
Total assets less current liabilities			<u>260,276</u>		<u>92,510</u>
Capital and reserves					
Called-up equity share capital	10		1,000		1,000
Profit and loss account			<u>259,276</u>		<u>91,510</u>
Shareholders' funds			<u>260,276</u>		<u>92,510</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors on the 24 April 2007 and are signed on their behalf by:



P A Linley
Director

The accounting policies and notes on pages 8 to 13 form part of these financial statements.

SIME LIMITED

Accounting policies

Year ended 31 December 2006

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements have also been prepared on the going concern basis which assumes that the company will continue to receive the support of its parent undertaking, Fonderie Sime S p A

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures, fittings & equipment	- 25% straight line
Leasehold property improvements	- over the period of the lease

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company The annual contributions payable are charged to the profit and loss account

SIME LIMITED

Accounting policies *(continued)*

Year ended 31 December 2006

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either 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.

SIME LIMITED

Notes to the financial statements

Year ended 31 December 2006

1. Operating profit

Operating profit is stated after charging

	2006 £	2005 £
Depreciation of owned fixed assets	12,712	12,924
Auditor's fees	<u>5,000</u>	<u>5,000</u>

2. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2006 £	2005 £
Aggregate emoluments	69,654	71,000
Value of company pension contributions to money purchase schemes	<u>2,000</u>	<u>-</u>
	<u>71,654</u>	<u>71,000</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2006 No	2005 No
Money purchase schemes	<u>1</u>	<u>-</u>

3. Interest receivable

	2006 £	2005 £
Bank interest receivable	<u>3,707</u>	<u>3,999</u>

4. Taxation on ordinary activities

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	76,000	43,000
Over/under provision in prior year	<u>148</u>	<u>43</u>
Total current tax	<u>76,148</u>	<u>43,043</u>

SIME LIMITED

Notes to the financial statements

Year ended 31 December 2006

4. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>243,914</u>	<u>143,358</u>
Profit/(loss) on ordinary activities by rate of tax	73,174	43,007
Excess of depreciation over capital allowances	595	2,132
Adjustments to tax charge as a result of previous periods	148	43
Marginal relief	-	(2,675)
Disallowable expenditure	1,664	683
Sundry tax adjusting items	<u>567</u>	<u>(147)</u>
Total current tax (note 4(a))	<u>76,148</u>	<u>43,043</u>

5. Tangible fixed assets

	Fixtures, fittings & equipment £	Leasehold property improvements £	Total £
Cost			
At 1 January 2006	27,501	18,509	46,010
Additions	<u>13,791</u>	<u>5,105</u>	<u>18,896</u>
At 31 December 2006	<u>41,292</u>	<u>23,614</u>	<u>64,906</u>
Depreciation			
At 1 January 2006	13,896	13,066	26,962
Charge for the year	<u>7,269</u>	<u>5,443</u>	<u>12,712</u>
At 31 December 2006	<u>21,165</u>	<u>18,509</u>	<u>39,674</u>
Net book value			
At 31 December 2006	<u>20,127</u>	<u>5,105</u>	<u>25,232</u>
At 31 December 2005	<u>13,605</u>	<u>5,443</u>	<u>19,048</u>
Capital commitments			
	2006 £		2005 £
Contracted but not provided for in the financial statements	<u>12,000</u>		<u>-</u>

SIME LIMITED

Notes to the financial statements

Year ended 31 December 2006

6. Debtors

	2006 £	2005 £
Trade debtors	1,077,979	902,958
Other debtors	5,383	5,124
	<u>1,083,362</u>	<u>908,082</u>

All debtors are repayable within one year of the balance sheet date

7. Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	1,521,561	1,099,131
Corporation tax	76,000	43,000
Other taxation and social security	152,003	117,056
Other creditors	85,867	54,752
	<u>1,835,431</u>	<u>1,313,939</u>

8. Commitments under operating leases

At 31 December 2006 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2006 £	2005 £
Operating leases which expire		
Within 1 year	-	25,498
Within 2 to 5 years	58,722	19,124
	<u>58,722</u>	<u>44,622</u>

9. Related party transactions

During the year the company traded with Fonderie Sime S p A. The following transactions occurred with the company during the year on normal commercial terms -

Purchases from Fonderie Sime S p A. totalled £3,575,694 (2005 - £3,591,407) and a balance of £1,486,225 (2005 - £1,060,631) is included within trade creditors

Fonderie Sime S p A. has provided a guarantee for the lease of the company's premises

SIME LIMITED

Notes to the financial statements

Year ended 31 December 2006

10. Share capital

Authorised share capital:

	2006 £	2005 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2006 No	£	2005 No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

11. Ultimate parent company

The company is a wholly owned subsidiary undertaking of Fonderie Sime S p A , a company incorporated and registered in Italy

Fonderie Sime S p A is under the control of M C Menini

Consolidated financial statements are prepared by Fonderie Sime S p A and are publicly available in Italy