

Registered number
610257

**GU Cutting and Grinding Services Limited (formerly known as
General Utilities (Stockport) Limited)**

Annual report

31 December 2009

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**GU Cutting and Grinding Services Limited (formerly known
as General Utilities (Stockport) Limited)**

Annual report

Contents

	Page
Company information	2
Directors' report	3
Independent auditors' report to the members of GU Cutting and Grinding Services Limited	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in shareholders' equity	9
Cash flow statement	10
Notes to the financial statements	11

**GU Cutting and Grinding Services Limited (formerly known as General Utilities
(Stockport) Limited)**
Company information

Directors during the year

N F Kearns
M C Perkins
C J Ames
A K Mathur

Secretary

M D Conway

Principal place of business

Middlewood Road
Poynton
Cheshire

Independent Auditors

PriceWaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Registered office

Linton Park
Linton
Near Maidstone
Kent ME17 4AB

Registered number

610257

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

Directors' report

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

Change of name

On 14 July 2010 the company changed its name from General Utilities (Stockport) Limited to GU Cutting and Grinding Services Limited

Principal activities

The principal activities of the company are metal profile cutting and grinding

The company is a limited company, domiciled and incorporated in the United Kingdom. The principal place of business is situated in Stockport, Greater Manchester, which is different to the registered office with the address as set out on the previous page

Directors

The company's directors who served during the 52 weeks and up to the date of signing the financial statements are noted on page 2. Mr M C Perkins is a director of Camellia Plc and his interest in the shares of group undertakings are disclosed in the accounts of that company

Review of business

The statement of comprehensive income for the business is set out on page 7. Both the level of the business and the year end financial position were considered satisfactory. The directors consider that the key performance indicators for the company are revenue, gross profit and operating profit, all of which are shown in the statement of comprehensive income on page 7.

The economic outlook for 2010 continues to look challenging, however the steps we have taken as a management team have positioned us well to steer a safe course.

Results and dividends

The loss for the year is £177,527 (2008 £285,626 profit). The company paid a dividend during the year of £208,000 (2008 £80,000).

Directors

The current directors of the company are listed on page 2.

Employees

The company's policy is to consult and discuss with employees on any matters likely to affect their interests.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill and to give them such training as is appropriate. Should any employee become disabled, every practical effort is made to provide continuing employment.

Information on matters of concern to employees is given through regular bulletins, notices and briefings, in order to achieve a common awareness of the financial and economic factors affecting the performance of the company. The company has also achieved certification as an Investor in People partly in recognition of the work done in improving the awareness of its employees.

Policy and practice on payment of creditors

In respect of all suppliers it is the company's policy to settle the terms of payment when agreeing the terms of the related transaction, to ensure that the suppliers are made aware of the terms and then to abide by those terms.

The company's average creditor payment period at 31 December 2009 was 43 days (2008 49 days).

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

Directors' report (continued)

Financial risk management

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse affects on the financial performance of the company. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's finance department implements the policies set by the board of the directors and by Linton Park Plc and Camellia Plc, its parent companies.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions. The company also has access to longer term funding from its ultimate parent undertaking, if required.

Interest rate cash flow risk

The company has interest bearing liabilities. Interest bearing liabilities include bank loan and overdraft balances, all of which bear interest at a floating rate. Interest bearing liabilities also include hire purchase contracts that bear interest at fixed rates. The company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 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.

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

Directors' report (continued)

Charitable contributions

During the year the company made no charitable donations (2008 £nil)

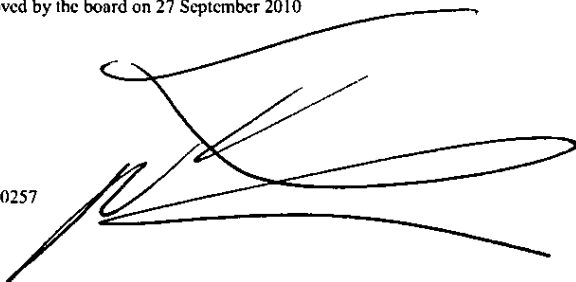
Auditors and disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (that is information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

PricewaterhouseCoopers LLP were appointed as auditors in the current year. In the absence of any notice proposing to terminate their appointment, PricewaterhouseCoopers LLP will be deemed to be reappointed for the next financial year. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

This report was approved by the board on 27 September 2010

N F Kearns
Director
Company number 610257

A large, stylized handwritten signature in black ink, appearing to be 'N F Kearns', written over the printed name and company number.

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

Independent auditors' report to the members of GU Cutting and Grinding Services Limited

We have audited the financial statements of GU Cutting and Grinding Services Limited for the year ended 31 December 2009 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Cash flow statement and the Notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 2009 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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.

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.



Benjamin Parrott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
27 September 2010

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

Statement of comprehensive income
for the year ended 31 December 2009

	Notes	2009 £	2008 £
Continuing operations			
Revenue	2	1,758,365	2,993,860
Cost of sales		<u>(1,437,421)</u>	<u>(2,084,463)</u>
Gross profit		320,944	909,397
Distribution costs		(22,496)	(27,352)
Administrative expenses		(498,105)	(477,442)
Profit on disposal of plant and equipment		<u>-</u>	<u>85</u>
Operating (loss) / profit		(199,657)	404,688
Bank interest received		463	6,883
Interest paid on finance leases		<u>(4,240)</u>	<u>(4,240)</u>
(Loss) / profit before tax	3	(203,434)	407,331
Taxation	4	25,907	(121,705)
(Loss) / profit attributable to equity shareholders		<u>(177,527)</u>	<u>285,626</u>
Other comprehensive income			
Other comprehensive income for the year net of tax		<u>-</u>	<u>-</u>
Total comprehensive (loss) / income for the year		<u>(177,527)</u>	<u>285,626</u>

The notes on pages 11 to 23 form part of these financial statements

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

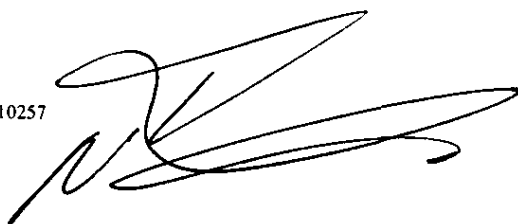
**Balance sheet
as at 31 December 2009**

	Notes	2009 £	2008 £
Assets			
Non-current assets			
Property, plant and equipment	9	476,046	586,887
Deferred tax assets	14	25,206	-
		<u>501,252</u>	<u>586,887</u>
Current assets			
Inventories	8	178,364	236,133
Amounts due from fellow group undertakings		21,624	21,624
Trade and other receivables	10	370,041	514,272
Cash and cash equivalents	11	146	75,663
		<u>570,175</u>	<u>847,692</u>
Liabilities			
Current liabilities			
Borrowings	12	(212,114)	(22,378)
Trade and other payables	13	(244,943)	(363,225)
Corporation tax payable		(34,638)	(60,638)
		<u>(491,695)</u>	<u>(446,241)</u>
Net current assets		<u>78,480</u>	<u>401,451</u>
Non-current liabilities			
Borrowings	12	(24,243)	(46,621)
Deferred tax liability	14	-	(701)
Net assets		<u>555,489</u>	<u>941,016</u>
Shareholders' equity			
Ordinary shares	15	200,000	200,000
Retained earnings		355,489	741,016
Total shareholders' equity		<u>555,489</u>	<u>941,016</u>

The notes on pages 11 to 23 form part of these financial statements

The financial statements on pages 7 to 23 were approved on 27 September 2010 by the board of directors and signed on their behalf by

N F Kearns
Director
Company number 610257



GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

**Statement of changes in shareholders equity
for the year ended 31 December 2009**

	Notes	Share capital £	Retained earnings £	Total equity £
At 1 January 2008		200,000	535,390	735,390
Net profit		-	285,626	285,626
Dividends	5	-	(80,000)	(80,000)
At 31 December 2008		200,000	741,016	941,016
At 1 January 2009		200,000	741,016	941,016
Net profit		-	(177,527)	(177,527)
Dividends	5	-	(208,000)	(208,000)
At 31 December 2009		200,000	355,489	555,489

The notes on pages 11 to 23 form part of these financial statements

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

**Cash flow statement
for the year ended 31 December 2009**

	Notes	2009 £	2008 £
Cash flows from operating activities			
(Loss) / profit before tax		(203,434)	407,331
Adjustments for			
Depreciation		110,841	74,651
Profit on disposal of property, plant and equipment		-	(85)
Interest paid on finance leases		4,240	4,240
Interest received		(463)	(6,883)
		(88,816)	479,254
Decrease in inventories		57,769	7,082
Decrease in trade and other receivables		144,231	133,171
(Decrease) in trade and other payables		(118,282)	(133,929)
Cash (used in) / generated from operations		(5,098)	485,578
Income taxes paid		(26,000)	(146,000)
Interest paid on finance leases		(4,240)	(4,240)
Interest received		463	6,883
Net cash (outflow) / inflow from operating activities		(34,875)	342,221
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(209,748)
Proceeds from sale of property, plant and equipment		-	85
Net cash used in investing activities		-	(209,663)
Cash flows from financing activities			
Equity dividends paid		(208,000)	(80,000)
Finance lease repayments		(22,378)	(22,378)
Proceeds from new borrowings		189,736	-
Net cash used in financing activities		(40,642)	(102,378)
Net (decrease) / increase in cash and cash equivalents		(75,517)	30,180
Cash and cash equivalents at beginning of period		75,663	45,483
Cash and cash equivalents at end of period		146	75,663
		(75,517)	30,180

The notes on pages 11 to 23 form part of these financial statements

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

Notes to the financial statements for the year ended 31 December 2009

1 Accounting policies

The principal accounting policies in the presentation of these financial statements are set out below. These policies have been consistently applied to all years, unless otherwise stated.

a Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU. The financial statements have been prepared on the historical cost basis, where cost includes the deemed cost of property on transition to IFRS.

b New standards and interpretations

The following standards and amendments to existing standards have been published and adopted in the current financial year: IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk.

IAS 1 (revised) 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income.

The adopted standards have impacted the disclosures in the financial statements but have had no impact on the results or net assets of the company.

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 3 January 2010 or later periods, but the company has not early adopted them:

IFRIC 17 Distribution of non-cash assets to owners - effective on or after 1 July 2009.

The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The company will apply IFRIC 17 from 3 January 2010. It is not expected to have a material impact on the company's financial statements.

IAS 27 (revised) Consolidated and separate financial statements - effective from 1 July 2009.

The revisions to this standard require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The company will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 3 January 2010. It is not expected to have a material impact on the company's financial statements.

IFRS 3 (revised) Business combinations - effective from 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The company will apply IFRS 3 (revised) prospectively to all business combinations from 3 January 2010. It is not expected to have a material impact on the company's financial statements.

IAS 38 (amendment) Intangible assets.

The amendment is part of the IASB's annual improvements project published in April 2009 and the company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the company's financial statements.

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

Notes to the financial statements for the year ended 31 December 2009

1 Accounting policies (continued)

b New standards and interpretations (continued)

IFRS 5 (amendment) Non-current assets held for sale and discontinued operations - effective from 1 January 2010

The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. It is not expected to have a material impact on the company's financial statements.

c Principal accounting policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes. Revenue is recognised when the goods and services have been provided to the customer.

Property, plant and equipment

All property, plant and equipment is shown at cost less subsequent depreciation and impairment, except for land which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of these assets.

On transition to IFRS, the company has followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

No depreciation is provided on freehold land. Depreciation of other fixed assets is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives, which are as follows:

The rates of depreciation used for the other assets are as follows -

Freehold buildings	25 years
Motor vehicles, plant and machinery, fixtures, fittings and equipment	between 4 and 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the income statement.

Foreign currency translation

The financial statements are presented in sterling, which is the company's functional and presentational currency. Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Inventories

Inventories are stated at the lower of cost, assessed on a FIFO basis, and net realisable value. Provision has been made for obsolete and slow moving items where necessary.

Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use, where the value in use is measured based on the future discounted cash flows (DCF). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

A number of significant assumptions and estimates are involved in using DCF models to forecast operating cash flows, for example with respect to factors such as market growth rates, revenue volumes, capital expenditures and working capital requirements. Forecasts of future cash flows are based on the best estimates of future revenues and operating expenses using historical trends, general market conditions and other available information. These assumptions are subject to review by management and the Board of Directors. The cash flow forecasts are adjusted by an appropriate discount rate derived from the Company's cost of capital at the date of the evaluation.

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

**Notes to the financial statements
for the year ended 31 December 2009**

1 Accounting policies (continued)

Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and other bank and cash balances. For the purposes of the cash flow statement cash equivalents include bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

Finance and operating leases

Leases of property, plant and equipment, where the company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in Financial liabilities - borrowings. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the useful lives of equivalent owned assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year adjusted to take account of losses surrendered by group companies. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

**Notes to the financial statements
for the year ended 31 December 2009**

1 Accounting policies (continued)

Pension costs

The company is a participating employer of a final salary scheme. The scheme is a group scheme operated by fellow subsidiary undertaking Unochrome Industries Limited. That scheme is closed to new entrants and since closure employees are eligible to join the defined contribution Group Personal Pension Plan.

In respect of the final salary scheme it is not possible to identify this company's share of the underlying assets and liabilities on a consistent and reliable basis. Contributions to the final salary scheme for future service are assessed by the scheme actuary and set out in the Schedule of Contributions and reflect the future service cost of providing pensions across all participating group companies. These costs are charged to the statement of comprehensive income in the period in which they become payable.

The company contributions to the Group Personal Pension Plan are recognised as an expense in the statement of comprehensive income as incurred.

Copies of the Unochrome Industries Limited financial statements may be obtained from the Company Secretary at their registered office, Linton Park, Linton, Near Maidstone, Kent, ME17 4AB.

Pension arrangements are detailed in note 7.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance, has been identified as the board of directors.

Financial and capital risk management

The financial and capital risk management of the company is managed by group. Details of the financial and risk management policies are included in the Camellia Plc financial statements.

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

**Notes to the financial statements
for the year ended 31 December 2009**

2 Revenue and segmental reporting

The directors consider that the operations of the company fall into one operating segment being metal cutting and grinding services. All turnover arising from the one operating segment has been generated in the United Kingdom.

3 (Loss) / profit before tax

2009	2008
£	£

The following items have been included in arriving at (loss) / profit before tax

Employee benefits expense	759 941	702 382
Depreciation of property, plant and equipment		
Owned assets	81 541	45 351
Under finance leases	29 300	29 300
Profit on disposal of property, plant and equipment	-	85
Operating lease charges on the hire of plant and machinery	4 392	10 641
Audit services - statutory audit	<u>7 000</u>	<u>6 700</u>

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

**Notes to the financial statements
for the year ended 31 December 2009**

4 Taxation on profit on ordinary activities

(a) Analysis of (credit) / charge in the year

	2009 £	2008 £
Current tax		
UK corporation tax		
UK corporation tax at 28.0 per cent (2008: 28.0 per cent)	-	110,000
	-	110,000
Deferred tax		
Origination and reversal of timing differences	(25,907)	11,705
Tax (credit) / charge on (loss) / profit on ordinary activities	(25,907)	121,705

	2009 £	2008 £
(b) Factors affecting tax charge for the year		
Profit on ordinary activities before tax	(203,434)	407,331
Tax on ordinary activities at the standard rate of corporation tax in the UK of 28.0 per cent (2008: 28.0 per cent)	(56,962)	114,053
Effects of		
Expenses not deductible for tax purposes	5,239	4,249
Group relief	26,801	3,403
Short term timing differences and other	(985)	-
Total tax (credit) / charge for the year	(25,907)	121,705

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 which was substantively enacted on 20 July 2010 includes legislation reducing the main rate of corporation tax from 28 per cent to 27 per cent from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 24 per cent by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements. If it had been enacted at the balance sheet date, the effect of the changes enacted in the Finance (No 2) Act 2010 would be to reduce the deferred tax asset provided at 31 December 2009 by less than £1,000 due to the reduction in the corporation tax rate from 28 per cent to 27 per cent with effect from 1 April 2011.

The proposed reductions of the main rate of corporation tax by 1 per cent per year to 24 per cent by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 27 per cent to 24 per cent, if these applied to the deferred tax balance at 31 December 2009, would be to reduce the deferred tax asset by less than £1,000.

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

**Notes to the financial statements
for the year ended 31 December 2009**

5 Equity dividends

	2009 £	2008 £
Amounts recognised as distributions to equity holders in the period		
Interim dividend 2008		80 000
Interim dividend 2009 (declared and paid 22 September 2009)	208 000	-
	<u>208 000</u>	<u>80 000</u>

6 a Employees

	2009 Number	2008 Number
The average number of employees employed by the company during the year was made by activity up as follows		
Management and administration	1	2
Production	5	6
Sales and distribution	15	20
	<u>21</u>	<u>28</u>
	2009 £	2008 £
Employment costs		
Wages and salaries	648 861	596 435
Social security costs	60 227	56 867
Defined contribution pension schemes	50 853	49 080
	<u>759 941</u>	<u>702 382</u>
b Emoluments of the directors		
	2009 £	2008 £
Aggregate emoluments excluding pension contributions	<u>70 472</u>	<u>69 931</u>

Retirement benefits are accruing to one director under the defined benefit scheme (2008 one). The key management of the company are deemed to be the Board of Directors. During the year the company paid £8 825 of contributions into one director's personal defined contribution pension plan.

7 Pensions

Defined benefit scheme

The pension cost charge for the year is disclosed in note 6.

Unochrome Industries Limited, a fellow group company, operates the Unochrome Group Pension Scheme (the Scheme), a funded final salary pension scheme of which GU Cutting and Grinding Limited is a participating employer. The Scheme's assets are administered by trustees and are kept separate from those of the group. Contributions to the group personal pension plan are charged to the income statement when payable.

The amount of the employers' contributions to the Scheme are assessed by the scheme's actuary and agreed by the trustees and Unochrome Industries Limited, the principal employer of the scheme. The actuarial valuation of the Scheme undertaken annually and as at 31 December 2009 showed a deficit of £6 373 000 (2008 £7 242 000). Full details of the actuarial valuation of the group scheme are contained in the notes to the financial statements of Unochrome Industries Limited.

The company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and has consequently accounted for the scheme as if it were a defined contribution scheme, as permitted by IAS19.

At 31 December 2009, the company had no accrued unpaid contributions (2008: £nil).

The company also operates a defined contribution scheme. The charge to the income statement for the year ended 31 December 2009 was £50 853 (2008 £49 080).

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

Notes to the financial statements
for the year ended 31 December 2009

8 Inventories

	2009	2008
	£	£
Materials	152,001	191,356
Work in progress	26,363	44,777
	<u>178,364</u>	<u>236,133</u>

The were no write downs to inventory made in the year (2008: £nil) and there are no provisions held against inventory at 31 December 2009 (2008: £nil)

9 Property, plant and equipment

	Freehold land and buildings	Motor vehicles plant and machinery	Fixtures fittings and equipment	Total
	£	£	£	£
Declared cost				
At 1 January 2008	406,964	787,915	32,809	1,227,688
Additions		209,748	-	209,748
Disposals		(41,097)	(1,190)	(42,287)
At 1 January 2009	<u>406,964</u>	<u>956,566</u>	<u>31,619</u>	<u>1,395,149</u>
Additions				-
Disposals				-
At 31 December 2009	<u>406,964</u>	<u>956,566</u>	<u>31,619</u>	<u>1,395,149</u>
Depreciation				
At 1 January 2008	165,309	577,780	32,809	775,898
Charge for the year	18,842	55,809		74,651
Disposals		(41,097)	(1,190)	(42,287)
At 1 January 2009	<u>184,151</u>	<u>592,492</u>	<u>31,619</u>	<u>808,262</u>
Charge for the year	18,329	92,512		110,841
Disposals				
At 31 December 2009	<u>202,480</u>	<u>685,004</u>	<u>31,619</u>	<u>919,103</u>
Net book value at 31 December 2009	<u>204,484</u>	<u>271,562</u>		<u>476,046</u>
Net book value at 31 December 2008	<u>222,813</u>	<u>364,074</u>		<u>586,887</u>

The cost of assets held under finance leases is £146,500 (2008: £146,500). The net book value of assets held under finance leases relating to motor vehicles, plant and machinery was £74,534 (2008: £89,184).

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

**Notes to the financial statements
for the year ended 31 December 2009**

10 Trade and other receivables

	2009	2008
	£	£
Trade debtors	360 536	505 557
Prepayments and accrued income	9 505	8 715
	<u>370 041</u>	<u>514 272</u>

As of 31 December 2009 trade receivables of £258 769 (2008 £376,663) were past due but not impaired. These relate to customers for whom there is no recent history of default. The ageing analysis of these past due amounts is within the category 'up to 3 months past due' for both the current and prior year.

11 Cash and cash equivalents

	2009	2008
	£	£
Cash at bank and in hand	146	75 663
	<u>146</u>	<u>75 663</u>

12 Borrowings

	2009	2008
	£	£
Current		
Bank overdraft	189 736	-
Finance leases	<u>22 378</u>	<u>22 378</u>
	<u>212 114</u>	<u>22 378</u>
Non-current		
Finance leases	<u>24 243</u>	<u>46 621</u>

The overdraft facility is £300 000 in total and is negotiated and managed by the Unochrome group. The amounts drawn down under the overdraft are repayable on demand. Finance charges on the overdraft are based on LIBOR. The company is party to the group guarantee associated with the overdraft and under this guarantee is jointly and severally liable for amounts drawn down.

The finance charge in finance leases are fixed at the inception of the lease and equate to 6.8%. All finance lease agreements include an option to purchase the relevant asset at the end of the term of the lease at a nominal amount.

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

**Notes to the financial statements
for the year ended 31 December 2009**

13 Trade and other payables

	2009	2008
	£	£
Trade payables	167,584	277,044
Other taxation and social security	46,833	43,473
Accruals	30,526	42,708
	<u>244,943</u>	<u>363,225</u>

14 Deferred tax

The net movement on the deferred tax account is set out below

	2009	2008
	£	£
At 1 January	(701)	11,004
Credited / (charged) to the income statement	25,907	(11,705)
At 31 December	<u>25,206</u>	<u>(701)</u>

Deferred tax has been calculated at the rate of 28% (2008: 28%) and is in respect of fixed asset timing differences and losses

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

Notes to the financial statements

for the year ended 31 December 2009

15 Share capital

	2009	2008
	£	£
Authorised 200,000 ordinary shares of 100p each	<u>200,000</u>	<u>200,000</u>
Alotted, called up and fully paid 200,000 ordinary shares of 100p each	<u>200,000</u>	<u>200,000</u>

16 Operating lease commitments

	2009	2008
	£	£
Commitments under non-cancellable operating leases on vehicles, plant and equipment expiring within one year	<u>-</u>	<u>10,641</u>

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

**Notes to the financial statements
for the year ended 31 December 2009**

17 Financial Instruments

Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its debt and equity balance. The capital structure of the company consists of debt, which includes the borrowings disclosed in note 12, cash and cash equivalents and equity comprising issued capital, reserves and retained earnings.

Categories of financial instruments

The company's principal financial liabilities comprise bank overdrafts, amounts due to fellow subsidiary companies and trade payables. The main purpose of these financial liabilities is to provide working capital for the company. The company's financial assets consist of trade and other receivables and cash and cash equivalents.

	2009 £	2008 £
Financial Assets		
Cash and cash equivalents	146	75,663
Trade and other receivables	370,041	514,272
	<u>370,187</u>	<u>589,935</u>
	2009 £	2008 £
Financial Liabilities		
Trade and other payables	244,943	363,225
Borrowings	236,357	68,999
	<u>481,300</u>	<u>432,224</u>

Financial risk management objectives

The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which is summarised below.

Interest rate risk

The company's exposure to the risk of changes in market interest rates relates to the company's loans at floating interest rates.

A 100 basis points change in interest rates, using the company's year end loans balance as representative of the whole year, would reduce the company's profit before tax by less than £1000.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit.

Liquidity Risk

The company manages its liquidity risk through the preparation of cash flow projections and the monitoring of accounts receivables. It has access to banking facilities and inter-company funding so as to ensure that it has sufficient funds available to operate.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December based upon contractual undiscounted payments.

	On demand £	3 to 12 months £	1 to 5 Years £	Total £
2009				
Interest bearing borrowings		216,354	26,618	242,972
Trade and other payables		244,943		244,943
		<u>461,297</u>	<u>26,618</u>	<u>487,915</u>
2008				
Interest bearing borrowings		22,378	46,621	68,999
Trade and other payables		363,225	-	363,225
		<u>385,603</u>	<u>46,621</u>	<u>432,224</u>

GU Cutting and Grinding Services Limited (formerly known as General Utilities (Stockport) Limited)

**Notes to the financial statements
for the year ended 31 December 2009**

18 Related party transactions

During the year the company provided engineering services on an arms length basis to fellow subsidiaries of Camellia Plc to the value of £191 973 (2008 £156 065)

19 Parent Company

The parent company is Unochrome Industries Limited which is registered in England and Wales and the ultimate parent company is Camellia Plc which is registered in England and Wales

Copies of the Camellia Plc report and accounts prepared in accordance with International Financial Reporting Standards can be obtained from Linton Park Linton Maidstone Kent ME17 4AB

20 Control of Camellia Plc

Camellia Holding AG holds 1 427 000 ordinary shares of Camellia Plc (representing 51.34% of total voting rights). Camellia Holding AG is owned by The Camellia Private Trust Company Ltd a private trust company incorporated under the laws of Bermuda to act as a trustee of the Camellia Foundation. The Camellia Foundation is a Bermudian trust the income of which is utilised for charitable educational and humanitarian causes at the discretion of the trustees.