

**NEW RIVER HOLDINGS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2010**

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**NEW RIVER HOLDINGS LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

M S Earle  
C W V Smith

**COMPANY SECRETARY**

M S Earle

**COMPANY NUMBER**

00486480

**REGISTERED OFFICE**

Riverside Place  
1-9 Lea Road  
Waltham Abbey  
Essex  
EN9 1AS

**AUDITORS**

Price Bailey LLP  
Chartered Accountants & Statutory Auditors  
Dashwood House  
69 Old Broad Street  
London  
EC2M 1QS

**NEW RIVER HOLDINGS LIMITED**

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## **NEW RIVER HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2010**

The directors present their report and the financial statements for the year ended 31 October 2010

#### **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 then apply them consistently,
- make judgments and 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.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company in the year to 31 October 2010 was that of an intermediate parent deriving income from property and listed investments.

#### **BUSINESS REVIEW**

The company is an intermediate parent in a large group. All the trading of the group is carried out in Robert Lee Distribution Limited. Financial performance is measured and monitored in this subsidiary and is reported accordingly in its financial statements.

The directors are of the opinion that the current value of land and buildings is in excess of the figure shown in the balance sheet.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Robert Lee Distribution Limited operates in a mature market and its performance is directly related to the buoyancy or otherwise of the UK economy generally. The company seeks to manage the risk of losing customers to key competitors by the provision of value added services to customers, including extended hours of trade and by maintaining strong relationships with key customers.

In respect of interest rate risk the group has overdraft facilities of up to £1 million with Lloyds TSB at a daily rate of 2% over the banks base rate. The facility falls for renewal on 31 October 2011. The group is currently still operating within the facility. The directors therefore consider that the renewal of those facilities will not be problematic.

Cash flow is monitored at the group level as part of the day to day control procedures and appropriate facilities are made available to be drawn upon as necessary.

## NEW RIVER HOLDINGS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2010

The defined benefit pension scheme is recorded in the balance sheet in accordance with FRS 17. The FRS 17 valuation is highly sensitive to the actuarial and financial assumptions used in the calculation. The group and the Trustees keep the funding of the scheme under continual review to ensure that the funding schedule meets this goal.

#### FINANCIAL RISK MANAGEMENT

The board regularly reviews the financial requirements of the group and the risks associated therewith. Group operations are primarily financed from retained earnings, and bank borrowings (including the overdraft facility).

#### RESULTS

The profit for the year, after taxation, amounted to £208,471 (2009 - £334,469)

#### DIRECTORS

The directors who served during the year were

M S Earle  
C W V Smith

M S Earle and C W V Smith are also directors of the ultimate parent company Marchase Limited

#### EVENTS SINCE THE END OF THE YEAR

There have been no events since the balance sheet date which materially affect the position of the company

#### FINANCIAL INSTRUMENTS

The group does not use complicated financial instruments. The group does not use derivative financial instruments for trading purposes.

#### PROVISION OF INFORMATION TO AUDITORS

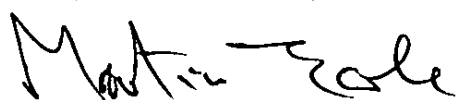
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

#### AUDITORS

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf



M S Earle  
Director

Date 15.2.11

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## **NEW RIVER HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEW RIVER HOLDINGS LIMITED**

We have audited the financial statements of New River Holdings Limited for the year ended 31 October 2010, set out on pages 5 to 17. 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 Auditors' 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 directors' responsibilities, 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.

### **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 October 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.

### **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.

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**NEW RIVER HOLDINGS LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEW RIVER HOLDINGS LIMITED**

**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

Gary Miller (Senior statutory auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants

Statutory Auditors

Dashwood House

69 Old Broad Street

London

EC2M 1QS

22 February 2011

**NEW RIVER HOLDINGS LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 OCTOBER 2010**

	Note	2010 £	2009 £
<b>TURNOVER</b>	1,2	687,000	840,000
Administrative expenses		<u>(462,867)</u>	<u>(477,984)</u>
<b>OPERATING PROFIT</b>	3	224,133	362,016
Income from other fixed asset investments		-	741,067
Interest receivable and similar income		239	4,142
Amounts written off investments		-	(741,067)
Interest payable and similar charges	7	<u>(1,354)</u>	<u>(2,109)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		223,018	364,049
Tax on profit on ordinary activities	8	<u>(14,547)</u>	<u>(29,580)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	15	<u><u>208,471</u></u>	<u><u>334,469</u></u>

All amounts relate to continuing operations

The notes on pages 8 to 17 form part of these financial statements



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**NEW RIVER HOLDINGS LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 OCTOBER 2010**

	Note	2010 £	2009 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>		208,471	334,469
Actuarial gain related to pension scheme	19	908,000	(407,000)
Pension (loss)/surplus not recognised	19	(952,000)	245,000
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<u>164,471</u>	<u>172,469</u>

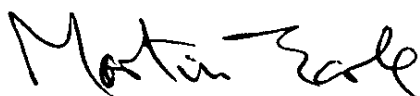
The notes on pages 8 to 17 form part of these financial statements

**NEW RIVER HOLDINGS LIMITED**  
**REGISTERED NUMBER: 00486480**

**BALANCE SHEET**  
**AS AT 31 OCTOBER 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Tangible assets	9		5,593,714		5,665,846
Investments	10		4,428,873		4,428,873
			<u>10,022,587</u>		<u>10,094,719</u>
<b>CURRENT ASSETS</b>					
Debtors	11	173,187		12,079	
Investments	12	1,161,990		824,176	
Cash at bank		50,086		950,233	
		<u>1,385,263</u>		<u>1,786,488</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	(910,790)		(440,618)	
<b>NET CURRENT ASSETS</b>			474,473		1,345,870
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>10,497,060</u>		<u>11,440,589</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		50,000		50,000
Capital redemption reserve	15		4,674,319		4,674,319
Profit and loss account	15		5,772,741		6,716,270
<b>SHAREHOLDERS' FUNDS</b>	16		<u>10,497,060</u>		<u>11,440,589</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



M S Earle  
 Director

Date 15.2.11

The notes on pages 8 to 17 form part of these financial statements

**NEW RIVER HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2010**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**1.2 Turnover**

Turnover comprises revenue recognised by the company in respect of management fees and income from investments.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% on cost or valuation
Motor vehicles	-	25% on written down value

**1.4 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

**1.5 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

## NEW RIVER HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010

#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 Pensions

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 October 2008

The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance with the recognition of any deferred tax asset following the principles described in the deferred tax accounting policy above.

Changes in the deferred benefit pension scheme asset or liability arising from factors other than cash contribution by the group are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS 17 'Retirement benefits'.

##### 1.7 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved and minuted by the director/shareholders.

#### 2. TURNOVER

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

#### 3. OPERATING PROFIT

The operating profit is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets - owned by the company	72,132	73,846

#### 4. AUDITORS' REMUNERATION

	2010 £	2009 £
Fees payable to the company's auditor for the audit of the company's annual accounts	15,000	17,750
Fees payable to the company's auditor and its associates in respect of		
The auditing of the company accounts and its subsidiaries	15,000	15,000
All other services	8,925	13,735

**NEW RIVER HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2010**

**5. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	240,058	240,000
Social security costs	32,625	32,523
Other pension costs (Note 19)	5,000	1,250
	<u>277,683</u>	<u>273,773</u>

The average monthly number of employees, including the directors, during the year was as follows

	2010 No	2009 No
	<u>2</u>	<u>2</u>

**6 DIRECTORS' REMUNERATION**

	2010 £	2009 £
Emoluments	<u>193,705</u>	<u>197,981</u>

**7 INTEREST PAYABLE**

	2010 £	2009 £
On bank loans and overdrafts	1,354	2,038
Other interest payable	-	71
	<u>1,354</u>	<u>2,109</u>

**8 TAXATION**

	2010 £	2009 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	21,449	29,580
Adjustments in respect of prior periods	(6,902)	-
	<u>14,547</u>	<u>29,580</u>
<b>Tax on profit on ordinary activities</b>		

**NEW RIVER HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2010**

**8 TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2009 - lower than) the standard rate of corporation tax in the UK of 21% (2009 - 28%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	223,018	364,049
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2009 - 28%)	46,834	101,934
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	226,273
Capital allowances for year in excess of depreciation	7,120	(76,661)
Deduct non-taxable items	-	(221,966)
Adjustments to tax charge in respect of prior periods	(6,902)	-
Other differences leading to an increase (decrease) in the tax charge	(32,505)	-
<b>Current tax charge for the year (see note above)</b>	<u>14,547</u>	<u>29,580</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges

**9. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 November 2009 and 31 October 2010	6,089,295	50,393	6,139,688
<b>Depreciation</b>			
At 1 November 2009	444,043	29,799	473,842
Charge for the year	66,983	5,149	72,132
At 31 October 2010	511,026	34,948	545,974
<b>Net book value</b>			
At 31 October 2010	<u>5,578,269</u>	<u>15,445</u>	<u>5,593,714</u>
At 31 October 2009	<u>5,645,252</u>	<u>20,594</u>	<u>5,665,846</u>

Included in land and buildings is freehold land at valuation of £2,740,183 (2009 - £2,740,183) and cost of £2,930,544 (2009 - £2,930,544) which is not depreciated

**NEW RIVER HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2010**

**10. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 November 2009 and 31 October 2010	4,428,873
<b>Net book value</b>	
At 31 October 2010	4,428,873
At 31 October 2009	4,428,873

**Subsidiary undertakings**

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Robert Lee Distribution Limited	Ordinary	100%
Mark Abrahams Bathrooms Limited		100%

Name	Business	Registered office
Robert Lee Distribution Limited	Sanitaryware wholesalers	1-9 Lea Road, Waltham Abbey, Essex
Mark Abrahams Bathrooms Limited	Dormant company	1-9 Lea Road, Waltham Abbey, Essex

**11. DEBTORS**

	2010 £	2009 £
Amounts owed by group undertakings	165,227	-
Prepayments and accrued income	7,960	12,079
	<u>173,187</u>	<u>12,079</u>

**12. CURRENT ASSET INVESTMENTS**

	2010 £	2009 £
Listed investments	<u>1,161,990</u>	<u>824,176</u>

**Listed investments**

The market value of the listed investments at 31 October 2010 was £1,099,149 (2009 £592,980)

**NEW RIVER HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2010**

**13. CREDITORS**

**Amounts falling due within one year**

	2010 £	2009 £
Amounts owed to group undertakings	593,212	170,530
Corporation tax	21,449	36,062
Social security and other taxes	258,280	191,628
Accruals and deferred income	37,849	42,398
	910,790	440,618

**14. SHARE CAPITAL**

	2010 £	2009 £
<b>Allotted, called up and fully paid</b>		
50,000 Ordinary shares of £1 each	50,000	50,000
	50,000	50,000

**15. RESERVES**

	Capital redempt'n reserve £	Profit and loss account £
At 1 November 2009	4,674,319	6,716,270
Profit for the year		208,471
Dividends Equity capital		(1,108,000)
Pension reserve movement		(44,000)
At 31 October 2010	4,674,319	5,772,741

The closing balance on the Profit and loss account includes a £NIL (2009 - £NIL) credit, stated after deferred taxation of £NIL (2009 - £NIL), in respect of pension scheme liabilities of the company pension scheme

**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2010 £	2009 £
Opening shareholders' funds	11,440,589	11,832,120
Profit for the year	208,471	334,469
Dividends (Note 17)	(1,108,000)	(564,000)
Other recognised gains and losses during the year	(44,000)	(162,000)
Closing shareholders' funds	10,497,060	11,440,589



**NEW RIVER HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2010**

**17. DIVIDENDS**

	2010 £	2009 £
Dividends paid on equity capital	<u>1,108,000</u>	<u>564,000</u>

The director/shareholders held a meeting before the year end to propose and minute the declaration of a final dividend, which was paid after the year end. The dividend amounted to £275,000 (2009: £nil).

**18. CONTINGENT LIABILITIES**

The company has guaranteed any bank debts of its subsidiary undertakings who in turn have cross guaranteed the bank debt of each undertaking. At 31 October 2010 the total of the bank debts covered by these guarantees amounted to £nil (2009: £nil). The debt is secured by a fixed and floating charge over the assets of the group.

**19. PENSION COMMITMENTS**

The company operates a defined benefit pension scheme.

The scheme was established under an irrevocable Deed of Trust by Smith & Sons (London) Limited for its employees and those of its subsidiary undertakings.

The Fund has had no active members since 28th February 2006, and the remaining active members at that date were provided with deferred pensions. As part of a formal actuarial valuation of the Fund as at 31st October 2008 the company and the Fund Trustees have agreed that the company will pay £162,000 each year for five years to improve the funding position. If experience is favourable, for example if investment returns are sufficiently good, a reduced amount may be paid. The estimated amount of total employer contributions expected to be paid to the Fund during 2010/11 is £nil (2009/10 actual: £44,000), reflecting good investment returns achieved.

As for last year, figures calculated in accordance with Financial Reporting Standard 17 "Retirement benefits" (FRS17) are included in the accounts. An actuarial valuation was carried out at the accounting date by an independent qualified actuary in accordance with FRS17. As required by FRS17, the value of the defined benefit liabilities has been measured using the projected unit method.

The key FRS17 assumptions used are set out below, along with the fair value of the Fund's assets, the present value of the FRS17 liabilities and the surplus / deficit of assets above / below the FRS17 value of liabilities.

Under FRS17, the pension asset which can be recognised on the balance sheet is limited to the extent that it is recoverable by the company through reduced contributions for future pensionable service and agreed refunds. Given that no refunds have been agreed and as no future service benefits are currently expected, the maximum asset that may be recognised is nil. The impact of this limit, which has applied in previous years, on the balance sheet, the profit and loss figures and the statement of total recognised gains and losses entry is also stated or shown in the figures below.

**NEW RIVER HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2010**

**19. PENSION COMMITMENTS (continued)**

The amounts recognised in the Balance sheet are as follows

	2010 £	2009 £
Present value of funded obligations	(3,710,000)	(3,522,000)
Fair value of scheme assets	4,706,000	3,540,000
	<hr/>	<hr/>
Surplus in scheme	996,000	18,000
Surplus not recognised	(996,000)	(18,000)
	<hr/>	<hr/>
Net asset	-	-
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in profit or loss are as follows

	2010 £	2009 £
Interest on obligation	(192,000)	(206,000)
Expected return on scheme assets	218,000	215,000
Restriction on expected return due to balance sheet limit	(26,000)	(9,000)
	<hr/>	<hr/>
Total	-	-
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	1,329,000	365,000
	<hr/> <hr/>	<hr/> <hr/>

The above expense figures are included in net finance income

Changes in the present value of the defined benefit obligation are as follows

	2010 £	2009 £
Opening defined benefit obligation	3,522,000	2,952,000
Actuarial Losses	203,000	557,000
Benefits paid	(207,000)	(193,000)
Interest cost	192,000	206,000
	<hr/>	<hr/>
Closing defined benefit obligation	3,710,000	3,522,000
	<hr/> <hr/>	<hr/> <hr/>

**NEW RIVER HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2010**

**19. PENSION COMMITMENTS (continued)**

Changes in the fair value of scheme assets are as follows

	2010 £	2009 £
Opening fair value of scheme assets	3,540,000	3,206,000
Actuarial gains and (losses)	1,111,000	150,000
Contributions by employer	44,000	162,000
Benefits paid	(207,000)	(193,000)
Expected return	218,000	215,000
	<u>4,706,000</u>	<u>3,540,000</u>

Note that the expected return on assets and actuarial gain / loss figures stated here do not include the elements reflecting the limit on the balance sheet asset

The amount recognised outside profit and loss in the statement of total recognised gains and losses (STRGL) for 2010 is a loss of £44,000 (2009 loss of £162,000), which includes the actuarial gains and losses figures stated above and a loss of £952,000 in relation to the impact of the balance sheet limitation (2009 gain of £245,000). The cumulative amount of actuarial gains and losses recognised outside profit and loss since 2002 at 31 October 2010, excluding the impact of the balance sheet limitation, is a loss of £705,000 (2009 loss of £1,613,000)

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2010	2009
Equities	64.83 %	35.60 %
Bonds	31.83 %	17.30 %
Property	- %	36.72 %
Other	3.34 %	10.38 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2010	2009
Discount rate at 31 October	5.20 %	5.60 %
Expected return on scheme assets for the year ending 31 October	6.30 %	6.70 %
Price inflation	3.40 %	3.30 %
Pension increases (LPI)	3.30 %	3.20 %

In addition the life expectancy of males aged 65 in 2010 was assumed to be 21.2 years (2009 21.0 years) and of males aged 65 in 2030 was assumed to be 23.1 years (2009 22.9 years)

In July 2010, the government announced its intention that future statutory minimum pension indexation would be measured by the Consumer Prices Index, rather than the Retail Prices Index. The position of the Fund in this regard has not yet been established. The figures below allow for benefits to continue to increase in line with the Retail Prices Index, pending a resolution of this point. Any changes would be reflected in next year's accounts.

The expected rate of return on assets for the financial year ended 31 October 2010 was 6.3% (2009 6.7%) as shown above. This rate is derived by taking the weighted average of the long term expected rate of return on each of the asset classes that the Fund was invested in at 31 October 2010.

**NEW RIVER HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2010**

**19. PENSION COMMITMENTS (continued)**

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	2010 £	2009 £	2008 £	2007 £	2006 £
Defined benefit obligation	(3,710,000)	(3,522,000)	(2,952,000)	(3,169,000)	(3,503,000)
Scheme assets	4,706,000	3,540,000	3,206,000	4,031,000	4,312,000
Surplus	<u>996,000</u>	<u>18,000</u>	<u>254,000</u>	<u>862,000</u>	<u>809,000</u>
Experience adjustments on scheme liabilities	16,000	72,000	(66,000)	-	(58,000)
Experience adjustments on scheme assets	<u>1,111,000</u>	<u>150,000</u>	<u>(897,000)</u>	<u>(358,000)</u>	<u>40,000</u>

**20. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8 'Related Party Transactions' not to disclose any transactions with entities that are included in the consolidated financial statements of Marchase Limited

**21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

At 31 October 2010 the company's ultimate parent company was Marchase Limited, the parent of the largest group of which the company is a member

New River Holdings Limited is the parent company of the smallest group of which the company is a member

Copies of the consolidated financial statements of Marchase Limited are available from Companies House

**NEW RIVER HOLDINGS LIMITED**

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 OCTOBER 2010**

	Page	2010 £	2009 £
<b>TURNOVER</b>	19	687,000	840,000
<b>LESS: OVERHEADS</b>			
Administration expenses	19	(462,867)	(477,984)
<b>OPERATING PROFIT</b>		224,133	362,016
Interest receivable	19	239	4,142
Interest payable	19	(1,354)	(2,109)
<b>PROFIT FOR THE YEAR</b>		<u>223,018</u>	<u>364,049</u>

**NEW RIVER HOLDINGS LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 OCTOBER 2010**

	2010 £	2009 £
<b>TURNOVER</b>		
Amounts recoverable from subsidiaries	585,000	738,000
Rent receivable	102,000	102,000
	<u>687,000</u>	<u>840,000</u>
	<u><u>687,000</u></u>	<u><u>840,000</u></u>
	2010 £	2009 £
<b>ADMINISTRATION EXPENSES</b>		
Directors national insurance	23,331	23,909
Directors salaries	168,000	174,000
Staff salaries	72,058	66,000
Staff national insurance	9,294	8,614
Transport costs	2,412	3,270
Telephone	1,945	2,309
Computer costs	908	3,735
General office expenses	22,189	14,850
Legal and professional	51,534	59,821
Auditors' remuneration	15,000	17,750
Bank charges	10,109	10,108
Rates and water	-	9,424
Insurances	1,056	934
Depreciation - motor vehicles	5,149	6,865
Depreciation - freehold property	66,982	66,981
Pension protection fund levy	5,687	6,517
Motor insurance	2,040	1,647
Pension contributions	5,000	1,250
Advertising and promotion	173	-
	<u>462,867</u>	<u>477,984</u>
	<u><u>462,867</u></u>	<u><u>477,984</u></u>
	2010 £	2009 £
<b>INTEREST RECEIVABLE</b>		
Bank interest receivable	239	4,120
Other interest receivable	-	22
	<u>239</u>	<u>4,142</u>
	<u><u>239</u></u>	<u><u>4,142</u></u>
	2010 £	2009 £
<b>INTEREST PAYABLE</b>		
Bank overdraft interest payable	1,354	2,038
Other interest - on overdue tax	-	71
	<u>1,354</u>	<u>2,109</u>
	<u><u>1,354</u></u>	<u><u>2,109</u></u>

NEW RIVER HOLDINGS LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 OCTOBER 2010

	2010 £	2009 £
<b>INVESTMENT INCOME</b>		
Income from fixed asset investments	-	741,067
Amounts written off shares of group undertakings	-	(741,067)
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>