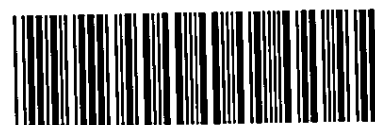


**BEATSON CLARK PLC**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

THURSDAY



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27/03/2008  
COMPANIES HOUSE

Company Number 110186

**BEATSON CLARK PLC**

For the year ended 31 December 2007

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Company registration number      110186

Registered office                      The Glassworks  
Greasborough Road  
ROTHERHAM  
South Yorkshire  
S60 1TZ

Directors                                A Jones  
A P Bale  
S E J Compson  
D Salter  
L Sidebottom

Secretaries                              A P Bale

Auditors                                BDO Stoy Hayward LLP  
Chartered Accountants  
Connaught House  
Alexandra Terrace  
Guildford  
Surrey GU1 3DA

# **BEATSON CLARK PLC**

For the year ended 31 December 2007

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**REPORT OF THE DIRECTORS**

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The directors present their annual report together with the audited financial statements for the year ended 31 December 2007

**Business review**

**Principal activity**

The principal activity of the company is the manufacture and distribution of glass bottles and jars for the pharmaceutical, food and drinks industries

**Results for the year**

Turnover for the year ended 31 December 2007 was £36.7 million a decrease of 12.5% compared to the previous year. The operating profit after taxation amounted to £0.8 million (2006: £7.2m loss). The directors do not recommend the payment of a dividend.

The company returned to profitability in 2007 after the closure of the Barnsley site in 2006 and the exceptional costs incurred as a result of this. General trading conditions remained challenging, however with more stable energy costs and the re-equipping of Rotherham to improve productivity, the company returned to profitability. In addition the company has secured supplies for a number of products with manufacturers in the middle-east and the far-east. Production at Rotherham was interrupted and the factory closed for a short period in July as a result of the flooding in the Rotherham/Sheffield area. The closure of Barnsley in 2006 combined with the closure, repair and refurbishment of the furnaces of a number of competitors has resulted in a shortage of glass availability particularly in white flint. The Barnsley site remains on the Balance Sheet whilst arrangements are made for its disposal.

**Future Outlook**

The shortage of white flint glass which should provide opportunities for the company in the short term until additional capacity is brought into use. The company will seek to benefit from the current conditions whilst further improving factory efficiencies and continuing to develop relations with overseas suppliers.

**Principal risks and uncertainties**

Energy costs – prices are monitored on a daily basis and forward contracts negotiated where appropriate with key suppliers.

Financial Risk - the company uses financial instruments, other than derivatives, comprising overdrafts, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and currency risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk - the company finances its operation through a mixture of retained profits, bank overdraft and borrowing from group companies. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity risk - the company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably. Short term flexibility is achieved by overdraft facilities. Debt is structured so repayments can be made out of cash generated through operations.

Currency risk - the company is exposed to transaction foreign exchange risk. Approximately 17% of our turnover relates to export sales. Where possible the company will invoice in sterling, however approximately 10% is invoiced in either euros or US dollars. These exposures including those associated with forecast transactions are hedged when known using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting for these financial statements.

## BEATSON CLARK PLC

### REPORT OF THE DIRECTORS

---

Pension funding – The company maintains a defined benefits pension scheme, which is now closed to new entrants. Volatility of financial markets can affect the value of assets in the scheme and may result in the need to increase contributions to the scheme, with a consequent reduction in operating cash flows available for future investment in the business.

Litigation – the company endeavours to maintain adequate insurance levels for all appropriate insurable risks.

Major disruption/ disaster – business continuity planning is reviewed regularly.

Competitive risk – The company is exposed to competitive risk in the market in which it operates. The company constantly monitors prices and undertakes regular market research to mitigate these risks.

Regulatory changes – The company monitors forthcoming and current legislation and ensures compliance.

#### Key Performance indicators

The key performance indicators used by management to assess performance are

	2007 Actual	2006 Actual
Sales volume (million units)	494.5	588.7
Gross margin %(at standard cost)	25.8	23.9
Production value (£'000's at standard)	22,886	25,570
Inventory – finished goods (million units)	115.6	141.1
Absenteeism %	2.4	3.0
Accidents	45	31

#### Directors

The present membership of the Board is set out below. All served on the Board throughout the year, except where indicated.

A Jones  
A P Bale  
S E J Compson  
D Salter  
L Sidebottom  
J L Wainwright (Retired 20 August 2007)

None of the directors had any interests in the shares of the company.

#### Employee involvement

The directors attach the greatest importance to the development of employee involvement throughout the company based on good communications and working relationships. Consultation takes place through normal contacts with departments and in meetings at all levels of employees to assist the employees to become more aware of the financial and economic factors affecting the performance of the company.

The company gives equal opportunities to disabled persons wherever possible both in recruitment and career development.

#### Internal control and risk assessment

The directors have responsibility for the systems of internal control and risk management. These processes are designed to manage rather than eliminate risk of failure to achieve the company's objectives. The company utilises the group's operating procedure including a comprehensive system for reporting financial and non-

**REPORT OF THE DIRECTORS**

---

financial information to the directors. This includes management accounts, business plan and budgets. Regular meetings are held by the directors which includes focussing on any new risks.

**Directors' responsibilities for the financial statements**

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 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 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 auditors are 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 auditors are aware of that information.

**Payment of suppliers**

The company's policy in relation to the payment of its suppliers is to agree its terms of payment with each supplier when negotiating the terms of each business transaction. It is company policy to abide by the agreed terms of payment. Trade creditors at the year end amount to 75 days (2006: 74 days), of average supplies for the year.

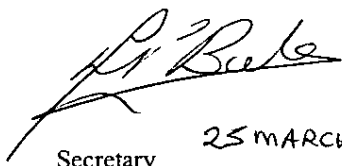
**Charitable donations**

Donations to charitable organisations amounted to £937 (2006: £796).

**Auditors**

BDO Stoy Hayward LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Secretary

25 MARCH 2008<sup>1</sup>

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

### BEATSON CLARK PLC

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We have audited the financial statements of Beatson Clark plc for the year ended 31 December 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet the statement of total recognised gains and losses, note of historical cost profits and losses and notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

#### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### 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.

#### Opinion

##### In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 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.

BDO STOY HAYWARD LLP  
CHARTERED ACCOUNTANTS  
CONNAUGHT HOUSE  
ALEXANDRA TERRACE  
GUILDFORD  
SURREY GU1 3DA

26<sup>th</sup> March 2008 -



# **BEATSON CLARK PLC**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom, except that certain assets are included at their revalued amount

The principal accounting policies of the company are set out below and remain unchanged from the previous year

The financial statements have been prepared on the going concern basis in light of the funding available from the company's bankers and the continued support from the company's ultimate controlling party

### **Basis of consolidation**

The company is a wholly owned subsidiary of Newship Limited and the cash flows of the company are included in the consolidated group cash flow statement of Newship Limited. Consequently, the company is exempt under the terms of FRS 1 (revised 1996) from publishing a cash flow statement

The company has taken advantage of the exemption permitted by section 228 of the Companies Act 1985 and not produced consolidated financial statements as it is itself a wholly owned subsidiary

### **Turnover**

Turnover is the invoice value of goods and services supplied, excluding VAT

### **Tangible fixed assets and depreciation**

FRS 15 requires fixed assets which are carried at revalued amounts to be shown at their current value at the balance sheet date. To achieve this freehold land and buildings are subject to a periodic valuation

The profit or loss on disposal of revalued properties is calculated by reference to net book value and any realised revaluation surplus is transferred to the profit and loss account through reserves

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The periods generally applicable are

Freehold buildings	20 to 50 years
Plant, equipment, vehicles and moulds	between 2 and 25 years on cost or valuation according to type of asset

Freehold land is not depreciated

### **Investments**

Investments are included at cost less amounts written off

### **Stocks**

Stocks and work in progress are stated at the lower of cost, including related overheads, and net realisable value



## PRINCIPAL ACCOUNTING POLICIES

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### Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future or right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

### Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at rates ruling at the time of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

### Pensions

The company operates both a money purchase and a defined benefit pension scheme. The costs of the money purchase scheme are charged to the income and expenditure account as incurred. The costs of the defined benefit pension scheme are accounted for in accordance with FRS17. The full service cost of providing the defined benefit scheme, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the expected increase in the present value of the scheme liabilities (because the benefits are now closer to settlement) and a credit equal to the equivalent value of the long-term expected return on the defined benefit scheme's assets (based on the market value of those assets at the start of the period), are included in the profit and loss account as 'other finance income'. The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as a net liability on the balance sheet. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total gains and losses, along with differences which arise from experience or assumption changes.

### Leased assets

Assets held under finance leases which confer substantially all the risks and rewards of ownership of an asset, are capitalised and outstanding instalments, net of interest, are shown as creditors.

Payments on operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### Furnace set up costs

The costs associated with the rebuild of a furnace are capitalised when the expenditure meets the criteria set out in FRS 15 "Tangible Fixed Assets", other costs are expensed to the profit and loss account as they are incurred.

### Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Dividends and distributions relating to equity instruments are debited direct to equity.

### Government grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

**BEATSON CLARK PLC****PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2007

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	<b>Note</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Turnover</b>	<b>1</b>	<b>36,700</b>	<b>41,903</b>
Cost of sales		<u><b>(28,168)</b></u>	<u><b>(37,519)</b></u>
Gross profit		<b>8,532</b>	<b>4,384</b>
Operating expenses	<b>2</b>	<u><b>(6,211)</b></u>	<u><b>(7,332)</b></u>
<b>Operating Profit/(loss)</b>		<b>2,321</b>	<b>(2,948)</b>
Profit/(Loss) on disposal of fixed assets		<b>345</b>	<b>(1,916)</b>
Exceptional items	<b>3</b>	<b>-</b>	<b>(3,671)</b>
Interest Payable	<b>4</b>	<b>(1,099)</b>	<b>(1,066)</b>
Interest Receivable	<b>5</b>	<b>5</b>	<b>10</b>
Other finance costs	<b>15</b>	<u><b>(392)</b></u>	<u><b>(634)</b></u>
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>1,180</b>	<b>(10,225)</b>
Taxation	<b>7</b>	<u><b>(377)</b></u>	<u><b>3,012</b></u>
<b>Profit/(Loss) on ordinary activities after taxation</b>		<u><b>803</b></u>	<u><b>(7,213)</b></u>

The above results arise from continuing activities

**BEATSON CLARK PLC**

**BALANCE SHEET AT 31 DECEMBER 2007**

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
<b>Fixed assets</b>					
Tangible assets	8		24,919		26,443
<b>Current assets</b>					
Stocks	9	7,807		8,593	
Debtors	10	10,356		9,233	
Cash at bank and in hand		1,362		321	
		<u>19,525</u>		<u>18,147</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(25,760)</u>		<u>(27,161)</u>	
<b>Net current liabilities</b>			<u>(6,235)</u>		<u>(9,014)</u>
<b>Total assets less current liabilities</b>			<b>18,684</b>		<b>17,429</b>
<b>Creditors: amounts falling due after more than one year</b>	12		<b>(828)</b>		<b>(424)</b>
<b>Total assets less liabilities, excluding pension liability</b>			<u><b>17,856</b></u>		<u><b>17,005</b></u>
<b>Net pension liability</b>	15		<b>(3,183)</b>		<b>(7,510)</b>
<b>Total net assets including pension liability</b>			<u><b>14,673</b></u>		<u><b>9,495</b></u>
<b>Capital and reserves</b>					
Called up share capital	16		2,395		2,395
Share premium account	17		4,907		4,907
Revaluation reserve	17		10,574		10,718
Profit and loss account	17		<u>(3,203)</u>		<u>(8,525)</u>
<b>Shareholders' funds</b>	18		<u><b>14,673</b></u>		<u><b>9,495</b></u>

The financial statements were approved by the Board of Directors and authorised for issue on <sup>25</sup>MARCH 2008

Directors




**BEATSON CLARK PLC****OTHER PRIMARY STATEMENTS**

For the year ended 31 December 2007

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	Note	2007 £'000	2006 £'000
<b>Profit/(Loss) for the financial year</b>		<b>803</b>	<b>(7,213)</b>
Actuarial profit on pensions	15	6,251	9,699
Deferred tax on actuarial profit		(1,875)	(2,910)
<b>Total recognised Profit/(Loss) since last financial statements</b>		<b>5,179</b>	<b>(424)</b>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

	2007 £'000	2006 £'000
<b>Profit/(Loss) on ordinary activities before taxation</b>	<b>1,180</b>	<b>(10,225)</b>
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	144	236
<b>Historical cost profit/(loss) on ordinary activities before taxation</b>	<b>1,324</b>	<b>(9,989)</b>
<b>Historical cost profit/(loss) retained</b>	<b>947</b>	<b>(6,977)</b>

# BEATSON CLARK PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover is derived from the manufacture and distribution of glass bottles and jars for the pharmaceutical, food and drink industries

An analysis of turnover by geographical market is given below

	2007 £'000	2006 £'000
United Kingdom	30,420	35,278
Rest of Europe	4,208	4,160
North America	1,117	1,213
Rest of the World	955	1,252
	<u>36,700</u>	<u>41,903</u>

Operating profit is stated after

	2007 £'000	2006 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	21	21
Depreciation		
- tangible fixed assets, owned	4,336	4,748
- tangible fixed assets, leased	70	222
Operating lease rentals		
- land and buildings	725	630
- other	42	90
Release of deferred government grant	<u>(45)</u>	<u>(16)</u>

### 2 OPERATING EXPENSES

	2007 £'000	2006 £'000
Selling and distribution costs	4,851	5,885
Administrative expenses	<u>1,360</u>	<u>1,447</u>
	<u>6,211</u>	<u>7,332</u>

### 3 EXCEPTIONAL ITEMS

	2007 £'000	2006 £'000
The exception items all relate to continuing operations and consist of		
Redundancy and reorganisation costs	<u>-</u>	<u>3,671</u>

Redundancy costs

The company incurred redundancy costs of £Nil (2006 £2,886,470)

Reorganisation costs

The company incurred reorganisation costs of £Nil (2006 £644,724) following the decision to cease manufacturing at its Barnsley operation

Fire

The company incurred a loss of £Nil (2006 £139,494) (net of insurance proceeds) as a result of a fire at its Barnsley site in December 2006

The above items were regarded as exceptional as they are non recurring and are larger than normal charges. There was tax relief of £Nil (2006 £925,000) on the exceptional items

**BEATSON CLARK PLC****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2007

**4 INTEREST PAYABLE**

	2007 £'000	2006 £'000
On bank loans and overdrafts	1,070	1,033
Finance charges on finance leases	28	30
Other interest payable	1	3
	<u>1,099</u>	<u>1,066</u>

**5 INTEREST RECEIVABLE**

	2007 £'000	2006 £'000
Other interest receivable and similar income	(5)	(10)
	<u>(5)</u>	<u>(10)</u>

**6 DIRECTORS AND EMPLOYEES**

The aggregate emoluments, including directors, for the year were

	2007 £'000	2006 £'000
Wages and salaries	9,481	12,327
Social security costs	796	1,068
Other pension costs	1,215	1,644
	<u>11,492</u>	<u>15,039</u>

The average number of employees, including directors, during the year was 320 (2006 431)

	2007 Number	2006 Number
Production	281	386
Sales and distribution	22	27
Administration	17	18
	<u>320</u>	<u>431</u>

Remuneration in respect of directors was

	2007 £'000	2006 £'000
Emoluments	275	315
Contributions to pension schemes	47	45
Emoluments	<u>322</u>	<u>360</u>

During the year 4 directors (2006 5 directors) participated in defined benefit schemes

The remuneration of the highest paid director was

	2007 £'000	2006 £'000
Emoluments	117	104
Contributions to pension schemes	21	17
Emoluments	<u>138</u>	<u>121</u>

**BEATSON CLARK PLC****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2007

**7 TAX ON LOSS ON ORDINARY ACTIVITIES**

The tax charge represents	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
UK Corporation Tax at 30% (2006 30%)	-	-
Deferred tax		
FRS17 timing difference re pension scheme	(21)	(148)
Origination and reversal of timing differences	<u>398</u>	<u>(2,864)</u>
Tax on Profit/(Loss) on ordinary activities	<u>377</u>	<u>(3,012)</u>
The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30% (2006 30%)		
The differences are explained as follows	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(Loss) on ordinary activities before tax	<u>1,180</u>	<u>(10,225)</u>
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	<b>354</b>	<b>(3,068)</b>
Effect of		
Expenses not deductible for tax purposes	(103)	151
Depreciation for the period in excess of capital allowances	805	1,564
Other timing differences	(10)	(17)
Unutilised losses carried forward	-	1,370
Brought forward losses utilised in the year	<u>(1,046)</u>	<u>-</u>
Current tax charge for period	<u>-</u>	<u>-</u>

# BEATSON CLARK PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

### 8 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant, equipment, vehicles and moulds £'000	Total £'000
Cost or valuation			
At 1 January 2007	7,838	53,637	61,475
Additions	10	3,077	3,087
Transfers from Group companies	-	147	147
Disposals	-	(1,351)	(1,351)
At 31 December 2007	7,848	55,510	63,358
Depreciation			
At 1 January 2007	306	34,726	35,032
Charge for the year	251	4,155	4,406
Transfers from Group companies	-	147	147
Disposals	-	(1,146)	(1,146)
At 31 December 2007	557	37,882	38,439
Net book amount at 31 December 2007	7,291	17,628	24,919
Net book amount at 31 December 2006	7,532	18,911	26,443

The figures stated above include assets held under hire purchase contracts as follows

	Plant, equipment, vehicles and moulds £'000
Net book amount at 31 December 2007	531
Net book amount at 31 December 2006	601
Depreciation provided in the year	70

The figures stated above for cost or valuation include valuations as follows

	Freehold land and buildings		Plant, equipment, vehicles and moulds	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
At cost	5,841	5,831	53,308	64,808
At valuation 1980	-	-	2,203	3,231
At valuation – 2007	2,007	2,007	-	-
	7,848	7,838	55,511	68,039

The historical cost of plant, equipment, vehicles and moulds assets included at valuation at 31 December 2007 was £2,144,000 (2006 £2,524,000) and accumulated depreciation thereon was £1,569,000 (2006 £1,923,000). The net book amount of freehold land and buildings included in the original cost value included £451,000 (2006 £451,000) in respect of land.



# BEATSON CLARK PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

### Notes of revaluation

The valuation was carried out by an external independent firm of surveyors and valuers, Jones, Lang LaSalle  
The valuation was based on the valuation as at 31 December 2005

The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS)  
Appraisal and Valuation Standards on the basis of Market Value with Vacant Possession

The Valuation includes deducted estimated purchasers costs at 5.7625%, which include 4% stamp duty

The valuation of the freehold land and buildings as at the balance sheet date was £7,838,000  
The directors have not updated the valuation as they are not aware of any material changes in value

### 9 STOCKS

	2007 £'000	2006 £'000
Raw materials and consumables	1,233	1,199
Finished goods	6,574	7,394
	<u>7,807</u>	<u>8,593</u>

### 10 DEBTORS

	2007 £'000	2006 £'000
Trade debtors	5,365	5,840
Amounts owed by group undertakings	879	441
Prepayments	2,378	820
Deferred taxation (note 14)	1,734	2,132
	<u>10,356</u>	<u>9,233</u>

### 11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Bank loans and overdraft	13,022	14,610
Trade creditors	6,148	5,999
Amounts owed to group undertakings	2,679	2,850
Social security and other taxes	1,610	1,192
Accruals and deferred income	715	937
Deferred income government grants	113	16
Other creditor	1,319	1,400
Amounts due under finance leases and hire purchase contracts	154	157
	<u>25,760</u>	<u>27,161</u>

# BEATSON CLARK PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

### 12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £'000	2006 £'000
Deferred income government grants	756	198
Amounts due under finance leases and hire purchase contracts	72	226
	<u>828</u>	<u>424</u>

Finance lease and Hire purchase liabilities are secured over the assets concerned

### 13 BORROWINGS

Borrowings are repayable as follows	2007 £'000	2006 £'000
Within one year		
Bank and other borrowings	14,341	16,010
Finance leases and hire purchase contracts	154	157
After one and within two years		
Finance leases and hire purchase contracts	56	154
After two and within five years		
Finance leases and hire purchase contracts	16	72
	<u>14,567</u>	<u>16,393</u>

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company  
Cross guarantees held between group companies are shown in note 21

### 14 DEFERRED TAXATION

Deferred taxation asset is analysed as follows	2007 £'000	2006 £'000
Accelerated capital allowances	(1,236)	(588)
Losses to carry forward	(498)	(1,544)
	<u>(1,734)</u>	<u>(2,132)</u>
Deferred taxation (asset)/liability at 1 January 2007	(2,132)	732
Deferred tax released to profit and loss account (note 7)	398	(2,864)
Deferred taxation asset at 31 December 2007	<u>(1,734)</u>	<u>(2,132)</u>

The directors consider that sufficient taxable profits will be generated in the foreseeable future to utilise the tax losses carried forward

No provision has been made for deferred tax on gains recognised on revaluing the land and buildings to their market value. Such tax would become payable only if the property were sold without taking account of indexation nor the ability to claim rollover relief. The total amount not provided for is £1,890,000 (2006 £1,890,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

# BEATSON CLARK PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

### 15 PENSION COST NOTE

#### Composition of the schemes

The company operates both a money purchase and defined benefit scheme in the UK. The scheme is now closed to new entrants. As the age profile of the remaining active membership rises current service costs will rise as members approach retirement. A full actuarial valuation was carried out at 5 April 2007 and updated to 31 December 2007 by a qualified independent actuary. The major assumptions used by the actuary were:

	2007	2006	2005
Rate of increase in salaries	3.40%	2.90%	2.60%
Rate of increase in pensions in payment pre April 2007	3.70%	3.50%	3.20%
Rate of increase in pensions in payment post April 2007	2.50%	2.40%	2.25%
Discount rate	5.82%	5.30%	4.90%
Inflation assumption	3.40%	2.90%	2.60%

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 December 2007	Value at 31 December 2007 £'000	Long-term rate of return expected at 31 December 2006	Value at 31 December 2006 £'000	Long-term rate of return expected at 31 December 2005	Value at 31 December 2005 £'000
Equities	7.25%	46,632	6.2%	56,202	6.1%	53,127
Bonds	4.90%	31,517	3.7%	20,469	3.5%	20,182
Cash	4.25%	117	3.2%	350	3.1%	495
Total market value of assets		78,266		77,021		73,804
Present value of scheme liabilities		(82,813)		(87,750)		(93,740)
Deficit in the scheme		(4,547)		(10,729)		(19,936)
Related deferred tax asset		1,364		3,219		5,981
Net pension liability		(3,183)		(7,510)		(13,955)

#### Analysis of the amount charged to operating profit

	2007 £'000	2006 £'000
Current service cost	810	1,449
Total operating charge	810	1,449

#### Analysis of the amount charged to other finance costs

	2007 £'000	2006 £'000
Expected return on pension scheme assets	4,172	3,883
Interest on pension scheme liabilities	(4,564)	(4,517)
Net return	(392)	(634)

**BEATSON CLARK PLC****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2007

**PENSION COST NOTE (Continued)****Movement in deficit during the year**

	2007 £'000	2006 £'000
Deficit in scheme at beginning of the year	(10,729)	(19,936)
Movement in the year		
Current service cost	(810)	(1,449)
Contributions	1,133	1,591
Other finance costs	(392)	(634)
Actuarial gain	6,251	9,699
Deficit in scheme at year end	(4,547)	(10,729)

The full actuarial valuation at 31 December 2007 showed a decrease in the deficit by £6,182,000 in the value of the fund, with an overall deficit of £4,547,000 at 31 December 2007

**History of experience gains and losses**

	2007 £'000	2006 £'000	2005 £'000
Difference between the expected and actual return on scheme assets	26	2,309	8,210
Percentage of scheme assets	0%	3%	11%
Experience gains and losses on scheme liabilities	-	5,063	-
Percentage of the present value of the scheme liabilities	-	6%	-
Total amount recognised in statement of total recognised gains and losses	6,251	9,699	(3,066)
Percentage of the present value of the scheme liabilities	(8%)	(11%)	3%

**Amounts included in the statement of total recognised gains and losses**

	2007 £'000	2006 £'000
Actual return less expected return on pension scheme assets	26	2,309
Experience gains and losses arising on the scheme liabilities	-	5,063
Changes in assumptions underlying the present value of the scheme liability	6,225	2,327
Total recognised gains and losses relating to the year	6,251	9,699

The company has contributed 16.7% of the pensionable salary into the defined benefit scheme since 2001. This rate is reviewed on preparation of the tri-annual valuation.

**Defined Contribution Pension Scheme**

The Company operates a defined contribution pension scheme for the benefit of the Group's employees. The assets of the scheme are administered by trustees in a fund independent from those of the Company. The charge for the year represents those contributions payable to the schemes in respect of the accounting period.

	2007 £'000	2006 £'000
The contributions charged in the year were	116	124

**BEATSON CLARK PLC****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2007

**16 SHARE CAPITAL**

	2007 £'000	2006 £'000
Authorised		
10,000,000 ordinary shares of 25p each	<u>2,500</u>	<u>2,500</u>
Allotted, called up and fully paid		
9,581,988 ordinary shares of 25p each	<u>2,395</u>	<u>2,395</u>

**17 SHARE PREMIUM ACCOUNT AND RESERVES**

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2007	4,907	10,718	(8,525)
Retained Profit for the year	-	-	803
Net actuarial gain on pensions	-	-	4,375
Transfer from revaluation reserve to profit and loss account	-	(144)	144
At 31 December 2007	<u>4,907</u>	<u>10,574</u>	<u>(3,203)</u>

The profit and loss reserve is stated net of an amount of £3,183,000 which relates to the defined benefit pension scheme liability

**18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2007 £'000	2006 £'000
Profit/(Loss) for the financial year	803	(7,213)
Actuarial profit on pensions, net of deferred tax	<u>4,375</u>	<u>6,789</u>
Net movement in shareholders' funds	<u>5,178</u>	<u>(424)</u>
Shareholders' funds at 1 January 2007	<u>9,495</u>	<u>9,919</u>
Shareholders' funds at 31 December 2007	<u>14,673</u>	<u>9,495</u>

**19 FINANCIAL INSTRUMENTS**

The company uses forward foreign exchange contracts to reduce currency exposure on sales and purchasing transactions for up to a year ahead. No contracts existed at 31<sup>st</sup> December 2007 (December 2006 £13,688 asset)

**20 CAPITAL COMMITMENTS**

	2007 £'000	2006 £'000
Authorised but not contracted	1,203	453
Contracted for but not provided for	<u>185</u>	<u>102</u>
	<u>1,388</u>	<u>555</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2007

**21 CONTINGENT LIABILITIES**

There was a cross guarantee between certain companies in the group on all bank overdrafts with the HSBC Bank plc. At 31 December 2007 the amount thus guaranteed by the company was £10,622,000 (2006 £15,199,000)

**22 LEASING COMMITMENTS**

Operating lease payments amounting to £748,000 (2006 £733,000) are due within one year. The leases to which these amounts relate expire as follows:

	2007 Land and buildings £'000	2007 Other £'000	2006 Land and buildings £'000	2006 Other £'000
In one year or less	-	6	-	6
Between one and five years	-	17	-	26
In five years or more	725	-	701	-
	<u>725</u>	<u>23</u>	<u>701</u>	<u>32</u>

**23 TRANSACTIONS WITH RELATED PARTIES**

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related party disclosures" and has not disclosed transactions with companies that are part of the Newship Limited group of companies.

J W Newman

During the year the company purchased goods and services from companies under common control amounting to £41,605 (2006 £199,000). A building was also leased from Newship Group Limited, a company under common control amounting to £120,000 (2006 £120,000).

At 31 December 2007 amounts owed to the ultimate controlling party totalled £1,319,000 (2006 £1,400,000).

**24 CONTROLLING RELATED PARTIES**

Newship Limited is the company's controlling related party by virtue of its 100% interest in the company.

The company's ultimate parent undertaking is Newship Limited which is registered in England and Wales.

Copies of Newship Limited financial statements can be obtained from the registered office at Clive House, 12-18 Queens Road, Weybridge, Surrey, KT13 9XB.

The company's ultimate controlling party is Mr J Newman by virtue of his majority shareholding in Newship Limited.