

Acertec Engineering Limited  
Annual report and accounts  
for the year ended 31 December 2005

Registered number: 555532



# **Acertec Engineering Limited**

## **Annual report and accounts for the year ended 31 December 2005**

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# **Acertec Engineering Limited**

## **Directors' report for the year ended 31 December 2005**

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2005.

### **Principal activity and future developments**

The company's primary activity continues to be to provide management services to other companies in the Acertec plc (formerly Acertec Holdings Limited) group.

In November 2005, the Acertec plc (formerly Acertec Holdings Limited) group entered into a new £90million banking arrangement which replaced the existing UK facility. At the date of this refinancing, the existing bank loans held by the company were repaid and the new bank loans were taken on by Acertec UK Limited, an intermediate parent undertaking of the company. Accordingly, the company has no bank loans at 31 December 2005.

Acertec UK Limited, an intermediate parent undertaking of the company, issued discounted convertible loan notes of £40 million to the company on 23 November 2005.

On 23 November 2005, an ordinary resolution was passed to increase the company's authorised share capital from by £500,000 through the creation of 50,000,000 irredeemable preference shares of £0.01 each.

### **Post balance sheet events**

On 16 May 2006, the company's ultimate parent undertaking, Acertec Plc (formerly Acertec Holdings Limited) was admitted to the Alternative Investment Market (AIM) through the placing of 39,783,663 shares at 148p.

### **Results and dividends**

During the year, the company generated a loss before taxation of £494,000 (2004 as restated: profit of £1,054,000).

The Directors are not recommending the payment of a dividend (2004: none).

### **Directors and directors' interests**

The following Directors served during the year and up to the date of this report:

JD Sword  
DJ Roache

None of the directors had any beneficial interest in the shares of the company at any time during the year.

The interests of Mr JD Sword and Mr DJ Roache in the shares of the ultimate parent company, Acertec plc (formerly Acertec Holdings Limited), of which they are also Directors, are dealt with in the accounts of that company.

# **Acertec Engineering Limited**

## **Directors' report for the year ended 31 December 2005 (continued)**

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in currency risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

### **Treasury policy**

The most significant treasury exposures faced by the company are managing currency positions. Clear parameters have been established, including levels of authority, on the type and use of financial instruments to manage these exposures. Transactions are only undertaken if they relate to underlying exposures.

### **Currency risk**

The company faces currency exposure on trading transactions undertaken by its subsidiaries in foreign currencies. The company coordinates the hedging of a proportion of its transactional exposures by taking out forward foreign exchange contracts, of usually less than six months forward, against its anticipated known sales and purchases. The decision to hedge is influenced by the size of exposure, the certainty of it arising, the trading and market position of the subsidiary in which the exposure arises and the current exchange rate.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

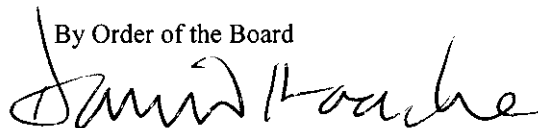
The directors confirm that suitable accounting policies have been used and applied consistently, except in respect of changes arising on the adoption of new accounting standards in the year as explained in note 1. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

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.

### **Auditors**

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board



D J Roache  
Director  
26 October 2006

## **Independent auditors' report to the members of Acertec Engineering Limited**

We have audited the financial statements of Acertec Engineering Limited for the year ended 31 December 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham  
26 October 2006

# Acertec Engineering Limited

## Profit and loss account for the year ended 31 December 2005

			As restated
	Notes	2005	2004
		£'000	£'000
Administrative expenses – normal		(1,981)	(4,111)
– exceptional		(1,432)	-
		(3,413)	(4,111)
Other operating income		2,100	4,093
<b>Operating loss</b>	2	<b>(1,313)</b>	<b>(18)</b>
Income from fixed asset investments	3	3,899	2,992
<b>Profit on ordinary activities before interest and taxation</b>		<b>2,586</b>	<b>2,974</b>
Net interest payable and similar charges	5	(3,080)	(1,920)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(494)</b>	<b>1,054</b>
Taxation on (loss)/profit on ordinary activities	6	(1,472)	45
<b>(Loss)/profit on ordinary activities after taxation and (loss)/profit for the financial year</b>	14	<b>(1,966)</b>	<b>1,099</b>

The above results relate entirely to continuing operations.

## **Acertec Engineering Limited**

### **Statement of total recognised gains and losses for the year ended 31 December 2005**

	Note	As restated	
		2005	2004
		£'000	£'000
(Loss)/profit for the financial year and total recognised gains and losses relating to the year		(1,966)	1,099
Prior year adjustment – FRS17	1,15	5,296	
Total recognised gains and losses since last annual report		3,300	

## **Acertec Engineering Limited**

### **Note of historical cost profits and losses for the year ended 31 December 2005**

	As restated	
	2005	2004
	£'000	£'000
<b>Reported (loss)/profit on ordinary activities before taxation</b>	<b>(494)</b>	<b>1,054</b>
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1	1
<b>Historical (loss)/profit on ordinary activities before taxation</b>	<b>(493)</b>	<b>1,055</b>
<b>Historical (loss)/profit for the year after taxation</b>	<b>(1,965)</b>	<b>1,100</b>



# Acertec Engineering Limited

## Balance sheet as at 31 December 2005

	Notes	2005 £'000	As restated 2004 £'000
<b>Fixed assets</b>			
Tangible assets	7	70	74
Investments	9	73,596	72,691
		<b>73,666</b>	<b>72,765</b>
<b>Current assets</b>			
Debtors – falling due within one year	10	84,106	117,079
– falling due after more than one year	10	30,640	30,573
Cash at bank and in hand	11	11,892	917
		<b>126,638</b>	<b>148,569</b>
<b>Creditors: amounts falling due within one year</b>	11, 12	<b>(66,429)</b>	<b>(118,201)</b>
<b>Net current assets</b>		<b>60,209</b>	<b>30,368</b>
<b>Total assets less current liabilities</b>		<b>133,875</b>	<b>103,133</b>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(40,211)</b>	<b>(7,503)</b>
		<b>93,664</b>	<b>95,630</b>
<b>Capital and reserves</b>			
Called up share capital	13	26,821	26,821
Share premium account	14	22,920	22,920
Capital redemption reserve	14	4,934	4,934
Revaluation reserve	14	37	38
Profit and loss account	14	38,952	40,917
<b>Equity shareholders' funds</b>	15	<b>93,664</b>	<b>95,630</b>

Approved by the Board on 26 October 2006.

Signed on behalf of the Board by

J D Sword  
Director



The notes on pages 8 to 21 form part of these accounts.

# **Acertec Engineering Limited**

## **Notes to the financial statements for the year ended 31 December 2005**

### **1 Accounting policies**

#### **Basis of preparation**

The accounts have been prepared under the historical cost convention, as modified to include the revaluation of land and buildings, and in accordance with the United Kingdom Companies Act 1985 and applicable accounting standards.

For the year ended 31 December 2005, the company was a wholly owned subsidiary of Acertec plc (formerly Acertec Holdings Limited), a company incorporated in England, and therefore, under Section 228(2) of the United Kingdom Companies Act 1985 is exempt from producing group accounts.

#### **Changes in accounting policies**

The company has adopted FRS17, 'Retirement benefits', FRS21, 'Events after the balance sheet date', FRS25, 'Financial instruments: disclosure and presentation', and FRS28, 'Corresponding amounts', in these financial statements. The adoption of these standards represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS17 was to increase administrative expenses by £405,000 (2004: decrease by £132,000), decrease deferred taxation by £nil (2004: £nil), decrease profit for the year by £405,000 (2004: increase by £132,000) and to increase the total recognised gains and losses by £405,000 (2004: £132,000).

There are no adjustments to these financial statements as a result of the adoption of FRS21, FRS25 or FRS28.

#### **Cash flow statement**

For the year ended 31 December 2005, the company was a wholly owned subsidiary of Acertec plc (formerly Acertec Holdings Limited) which prepares consolidated group financial statements, including a group cash flow statement. In accordance with Financial Reporting Standard 1 (revised), no cash flow statement is therefore included in these accounts.

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

Tangible fixed assets are stated at cost or revalued amount less accumulated depreciation.

Depreciation is provided on a straight-line basis at rates calculated to write off the tangible fixed assets over their estimated useful lives which are:

Freehold buildings	50 years
Long leasehold land and buildings	50 years
Fixtures, fittings, tools and equipment	3 to 15 years

No depreciation is provided on freehold land. Interest is not capitalised.

#### **Operating leases**

Operating lease rentals are charged against profit as they are incurred over the lease term.

# **Acertec Engineering Limited**

## **Notes to the financial statements for the year ended 31 December 2005 (continued)**

### **1 Accounting policies (continued)**

#### **Foreign currency balances**

Balances denominated in foreign currencies which are outstanding at the year end are translated at the rates ruling at that date, apart from those instances where forward cover has been arranged, when the relevant forward rate is used.

Transactions denominated in foreign currencies occurring during the course of the year are translated into sterling at the rates of exchange ruling at the dates of those transactions.

Exchange differences arising on translation are taken to the profit and loss account.

#### **Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures. As the earnings are continually reinvested by the group, no tax is expected to be payable on them in the foreseeable future.

#### **Pension contributions**

Pension benefits are provided for company employees under the BRC defined benefit schemes established by trusts which are funded by contributions from the company and employees and which are financially separate from the assets of the company. The contributions levels are determined by independent qualified actuaries.

The company has adopted FRS 17 'Retirement benefits' in these financial statements. However, the contributions paid by the company into these schemes are accounted as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme. Details of the BRC defined benefit schemes can be found in the BRC Limited accounts.

Contributions made to the defined benefit and defined contribution pension schemes are charged to the profit and loss account as they fall due.

# Acertec Engineering Limited

## Notes to the financial statements for the year ended 31 December 2005 (continued)

### 2 Operating loss

	2005	2004
	£'000	£'000
<b>Operating loss is stated after charging</b>		
Auditors' remuneration		
- audit services	102	48
- non-audit services	113	271
Depreciation of tangible fixed assets		
- owned assets	9	8
- leased assets	1	1
Operating lease rentals		
- plant and equipment	6	11
Exceptional items – abortive costs on IPO	1,433	-

During the year the company incurred £2,673,000 of costs in respect of professional advice in relation to a proposed IPO. Amounts totalling £1,432,000 (with no related tax impact) were written off in 2005 and costs of £1,240,000 have been carried forward within prepayments at the year end.

# Acertec Engineering Limited

## Notes to the financial statements for the year ended 31 December 2005

### 3 Income from fixed asset investments

	2005	2004
	£'000	£'000
Dividends receivable from investments	3,899	2,992

### 4 Directors' emoluments and staff costs

	2005	2004
	£'000	£'000
Salaries and benefits-in-kind	-	41
Pension fund contributions	-	4
	-	45

In the current year, no directors (2004: one director) received emoluments from the company in respect of his services. The directors received emoluments from the ultimate parent company.

Average number of persons employed during the year	2005	2004
Administration	8	8

	2005	2004
Cost of the above employees	£'000	£'000
Wages and salaries	734	897
Social security costs	132	202
Other pension costs	478	62
	1,344	1,161

# Acertec Engineering Limited

## Notes to the financial statements for the year ended 31 December 2005

### 5 Net interest payable and similar charges

	2005	2004
	£'000	£'000
<b>Interest payable</b>		
Bank loans and overdrafts	1,811	1,038
Interest payable to group companies	1,389	995
	<b>3,200</b>	<b>2,033</b>
<b>Interest receivable</b>		
Bank balances	(14)	(11)
Interest receivable from group companies	(106)	(102)
	<b>(120)</b>	<b>(113)</b>
	<b>3,080</b>	<b>1,920</b>

Interest payable to group companies includes exchange losses of £67,000 (2004: interest receivable from group companies includes exchange gains of £9,000) on foreign currency loans.

### 6 Taxation on (loss) / profit on ordinary activities

<b>(a) Analysis of tax charge/(credit) in the year</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK Corporation Tax at 30% (2004: 30%)	2,384	1,083
Double taxation relief	(811)	(817)
Current year overseas tax	64	72
Adjustments in respect of prior years	(98)	(429)
	<b>1,539</b>	<b>(91)</b>
<b>Deferred taxation (Note 10)</b>		
Origination and reversal of timing differences	(67)	46
<b>Tax charge/(credit) in the year</b>	<b>1,472</b>	<b>(45)</b>

# Acertec Engineering Limited

## Notes to the financial statements for the year ended 31 December 2005

### 6 Taxation on (loss) / profit on ordinary activities (continued)

		As restated
(b) Factors affecting the current tax charge/(credit) for the year	2005	2004
	£'000	£'000
(Loss) / profit on ordinary activities before tax	(494)	1,054
(Loss) / profit on ordinary activities before tax at 30% (2004: 30%)	(148)	316
<b>Effects of:</b>		
Expenses not deductible for tax purposes	677	249
UK: UK Transfer Pricing	933	-
Dividend income not covered by double tax relief	(905)	(745)
Origination and reversal of timing differences	922	557
Adjustments in respect of prior years	60	(429)
Removal of SSAP24 provision	-	(39)
<b>Total current tax charge/(credit) for the year</b>	<b>1,539</b>	<b>(91)</b>

# Acertec Engineering Limited

## Notes to the financial statements for the year ended 31 December 2005

### 7 Tangible fixed assets

	Land and buildings		Fixtures, fittings, tools and equipment	Total
	Freehold	Long leasehold		
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 January 2005	12	65	263	340
Additions	-	-	6	6
<b>At 31 December 2005</b>	<b>12</b>	<b>65</b>	<b>269</b>	<b>346</b>
<b>Depreciation</b>				
At 1 January 2005	12	10	244	266
Charge for the year	-	1	9	10
<b>At 31 December 2005</b>	<b>12</b>	<b>11</b>	<b>253</b>	<b>276</b>
<b>Net book amount</b>				
<b>At 31 December 2005</b>	<b>-</b>	<b>54</b>	<b>16</b>	<b>70</b>
At 31 December 2004	-	55	19	74

The company has taken advantage of the transitional arrangements within FRS 15 (Tangible Fixed Assets) and retained the existing book values for its revalued long leasehold land and buildings without updating the respective valuations. The company's long leasehold land and buildings were valued as at 30 November 1997 by Gerald Eve, Chartered Surveyors, on the basis of open market value for existing use.

#### Analysis of cost or valuation of land and buildings

	Freehold	Long leasehold	Total
	£'000	£'000	£'000
Cost	12	-	12
Valuation	-	65	65
<b>Net book value – 1 January, 31 December 2004 and 31 December 2005</b>	<b>12</b>	<b>65</b>	<b>77</b>



# **Acertec Engineering Limited**

## **Notes to the financial statements for the year ended 31 December 2005**

### **7 Tangible fixed assets (continued)**

The historic cost of land and buildings comprises

	<b>Freehold</b>	<b>Long Leasehold</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>	12	30	42
<b>Depreciation</b>	(12)	(13)	(25)
<b>Net book amount</b>			
<b>At 31 December 2005</b>	-	17	17
<b>At 31 December 2004</b>	-	18	18

### **8 Operating lease commitments**

	<b>Plant and equipment</b>	
	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Annual amounts due in respect of non-cancellable leases which expire:		
Within one year	3	6
Between one and five years	-	3
	3	9

# Acertec Engineering Limited

## Notes to the financial statements for the year ended 31 December 2005

### 9 Investments

	Shares in group companies	Loans to group companies	Shares in joint ventures & associates	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2005	71,918	20,202	55	92,175
Foreign exchange translation differences	905	-	-	905
<b>At 31 December 2005</b>	<b>72,823</b>	<b>20,202</b>	<b>55</b>	<b>93,080</b>
<b>Impairment</b>				
At 1 January and 31 December 2005	19,481	-	3	19,484
<b>Net book value</b>				
<b>At 31 December 2005</b>	<b>53,342</b>	<b>20,202</b>	<b>52</b>	<b>73,596</b>
At 31 December 2004	52,437	20,202	52	72,691

The following companies were the principal subsidiary undertakings of the company at 31 December 2005 and, except as indicated, were all incorporated and operate in England.

Subsidiary companies	Nature of business	Shareholding
Carrington Wire Limited	Manufacture of steel wire	100%
Stadco Holdings Limited	Owning trading companies involved in manufacture of pressings and assembly in the UK and Europe	100%
BRC Asia (Pte) Ltd	Manufacture of steel reinforcing mesh	73.29%
<b>Joint venture company</b>		
BRC McMahon Reinforcements Limited (Tipperary, Ireland)	Manufacture of steel reinforcing mesh	50%

# Acertec Engineering Limited

## Notes to the financial statements for the year ended 31 December 2005

### 10 Debtors

	As restated	
	2005	2004
	£'000	£'000
<b>Falling due within one year</b>		
Amounts owed by group companies	81,987	116,281
Other debtors	1,729	458
Prepayments and accrued income	390	340
	<b>84,106</b>	<b>117,079</b>
<b>Falling due after more than one year</b>		
Deferred tax (see below)	640	573
Amounts owed by group companies	30,000	30,000
	<b>30,640</b>	<b>30,573</b>

	As restated	
	2005	2004
	£'000	£'000
<b>Deferred taxation</b>		
At 1 January	573	619
Credited / (charged) to the profit and loss account	67	(46)
<b>At 31 December</b>	<b>640</b>	<b>573</b>

	As restated	
	2005	2004
	£'000	£'000
<b>Deferred taxation amounts recognised</b>		
Accelerated capital allowances and other timing differences	16	19
Short term timing differences	9	554
Tax losses	615	-
	<b>640</b>	<b>573</b>

No provision has been made for deferred tax on gains recognised on revaluing property to its market value, or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £nil (2004: £nil). At present it is not envisaged that any tax will become payable in the foreseeable future.

# Acertec Engineering Limited

## Notes to the financial statements for the year ended 31 December 2005

### 11 Net debt

	2005	2004
	£'000	£'000
<b>Borrowings falling due within one year</b>		
Bank overdrafts	7,420	19,782
Bank loans	-	10,518
	7,420	30,300
<b>Borrowings falling due after more than one year</b>		
Bank loans		
- In more than one year but not more than two years	-	865
- In more than two years but not more than five years	-	4,163
- In more than five years	-	2,475
	-	7,503
Other loans		
- In more than two years but not more than five years	287	-
- In more than five years	39,924	-
	40,211	-
	40,211	7,503
<b>Total borrowings</b>	<b>47,631</b>	<b>37,803</b>
Cash at bank and in hand	(11,892)	(917)
<b>Net debt</b>	<b>35,739</b>	<b>36,886</b>

Directly attributable fees and other finance costs of £76,000 (2004: £64,000) have been deducted to arrive at the outstanding borrowings shown above and in note 12.

# **Acertec Engineering Limited**

## **Notes to the financial statements for the year ended 31 December 2005 (continued)**

### **11 Net debt (continued)**

In November 2005, the Acertec plc (formerly Acertec Holdings Limited) group entered into a new £90million banking arrangement with Barclays Bank. The new revolving facility (£83million) has a 3 year term and the new overdraft facility (£7million), a one year term. These facilities replaced the existing UK facility which was operated jointly by Bank of Scotland and Barclays and the overseas Euro borrowings which were operated by Saar LB Bank. At the date of this refinancing, the existing bank loans held by the company were repaid and the new bank loans were taken on by Acertec UK Limited, an intermediate parent undertaking of the company. Accordingly, the company has no bank loans at 31 December 2005.

All borrowings are secured by charges against the total assets of the Acertec plc (formerly Acertec Holdings Limited) group.

Other loans comprise discounted convertible loan notes, which were issued by Acertec UK Limited, an intermediate parent undertaking of the company, on 23 November 2005. Interest accrues annually on the loan notes at 5.85% of the face value of £40 million, although the loan notes are interest free until 23 November 2007. The balance payable in more than 2 years but not more than 5 years relates to the accrued interest on the loan notes at the year end, as interest is accrued over the whole term of the loan notes. The face value of the loan notes plus accrued interest is payable on 23 November 2035.

### **12 Creditors**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Borrowings (Note 11)	<b>7,420</b>	30,300
Amounts owed to group companies	<b>56,353</b>	85,526
Taxation and social security	<b>125</b>	129
Overseas tax payable	<b>64</b>	158
Other creditors	<b>819</b>	927
Corporation tax payable	<b>379</b>	350
Amounts owed to group companies in respect of UK:UK transfer pricing	<b>933</b>	-
Accruals and deferred income	<b>336</b>	811
	<b>66,429</b>	118,201
<b>Amounts falling due after more than one year</b>		
Borrowings (Note 11)	<b>40,211</b>	7,503

# Acertec Engineering Limited

## Notes to the financial statements for the year ended 31 December 2005

### 13 Share capital

	2005	2004
	£'000	£'000
<b>Authorised</b>		
Equity – 70,132,764 (2004: 70,132,764) Ordinary Shares of £0.50 each	35,066	35,066
Non-equity – 4,933,618 (2004: 4,933,618) Convertible Deferred Shares of £1 each	4,934	4,934
Non-equity – 50,000,000 (2004: nil) Irredeemable Preference Shares of £0.01 each	500	-
	40,500	40,000
<b>Allotted and fully paid</b>		
Equity – 53,642,616 (2004: 53,642,616) Ordinary Shares of 50p each	26,821	26,821

### 14 Reserves

	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account
	£'000	£'000	£'000	£'000
At 1 January 2005 as previously reported	22,920	4,934	38	35,621
Prior year adjustment – FRS17	-	-	-	5,296
At 1 January 2005 as restated	22,920	4,934	38	40,917
Loss for the year	-	-	-	(1,966)
Excess depreciation on revaluation of fixed assets	-	-	(1)	1
<b>At 31 December 2005</b>	<b>22,920</b>	<b>4,934</b>	<b>37</b>	<b>38,952</b>

# **Acertec Engineering Limited**

## **Notes to the financial statements for the year ended 31 December 2005 (continued)**

### **15 Reconciliation of movements in shareholders' funds**

	2005	2004
	£'000	£'000
(Loss) / profit for the financial year and movement in shareholders' funds	(1,966)	1,099
Opening shareholders' funds as previously reported	90,334	89,367
Prior year adjustment – FRS17	5,296	5,164
Opening shareholders' funds as restated	95,630	94,531
Closing shareholders' funds	93,664	95,630

### **16 Related party transactions**

The company, being a wholly owned subsidiary of Acertec plc (formerly Acertec Holdings Limited), has taken advantage of the exemptions within Financial Reporting Standard 8 (Related Party Transactions) and not included details in these Accounts of transactions with other companies.

### **17 Contingent liabilities**

There were collective guarantees in the form of fixed and floating charges over the company's assets given by the company, the parent company and other fellow subsidiaries in respect of the net indebtedness of all or any such companies to Barclays Bank amounting to £29,929,994 at 31 December 2005 (2004: Bank of Scotland: £23,432,000).

### **18 Ultimate parent company**

The immediate parent company is Acertec Limited, a company incorporated in Great Britain. The ultimate parent company is Acertec plc (formerly Acertec Holdings Limited), a company incorporated in Great Britain. A copy of the consolidated accounts of Acertec plc (formerly Acertec Holdings Limited), the largest and smallest group in which the results of the company are incorporated, can be obtained from its registered office at Edstone Hall, Wootton Wawen, Solihull B95 6DD.

### **19 FRS 17 disclosures**

The company employees participate in the BRC defined pension scheme. The company is unable to identify its share of the underlying assets and liabilities of these schemes. Full details of the FRS17 disclosures for the schemes can be found in the accounts of Acertec plc (formerly Acertec Holdings Limited), which can be obtained from the company secretary at Edstone Hall, Wootton Wawen, Solihull B95 6DD.

### **20 Post balance sheet events**

On 16 May 2006, the company's ultimate parent undertaking, Acertec Plc (formerly Acertec Holdings Limited) was admitted to the Alternative Investment Market (AIM) through the placing of 39,783,663 shares at 148p.