

Registration number 786405

Sunvic Controls Limited
Directors' report and financial statements
for the year ended 31 May 2004



Sunvic Controls Limited

Company information

Directors	W. L. Paulin	Resigned - 03/07/2003
	C. J. Francis	Resigned - 03/07/2003
	F. W. Ross	Resigned - 13/07/2004
	Corroban Ltd	Appointed - 13/07/2004
		Resigned - 01/06/2005
	Hadenbury Ltd	Appointed - 13/07/2004
		Resigned - 01/06/2005
	Bestbray Ltd	Appointed - 13/07/2004
Secretary		Resigned - 01/06/2005
	D.M. Paulin	Appointed - 01/06/2005
Company number	Hadenbury Ltd	Appointed - 13/07/2004
		Resigned - 01/06/2005
	D.S. Watkinson	Appointed - 01/06/2005
Registered office		
Auditors	786405	
Business address	Pembroke House	
	11 Northlands Pavement	
	Pitsea	
	Basildon Essex	
	SS13 3DX	
	Friend Boyden Accountancy Services Limited	
	Pembroke House	
	11 Northlands Pavement	
	Pitsea	
	Basildon Essex	
	SS13 3DX	
	Bellshill Road	
	Uddingston	
	Glasgow	
	G71 6NP	

Sunvic Controls Limited

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Sunvic Controls Limited

Directors' report for the year ended 31 May 2004

The directors present their report and the financial statements for the year ended 31 May 2004.

Principal activity and review of the business

The principal activity of the company throughout the year continued to be the manufacture of temperature controls.

The directors consider the profit achieved during the year and the company's financial position at the end of the year to be satisfactory.

Results and dividends

The results for the year are set out on page 5 - 6.

The directors do not recommend payment of a final dividend.

Post balance sheet events

On the 1st June 2005 the entire share capital of the company was acquired by Tayclyde Ltd.

Future developments

The directors do not envisage any major change in the conduct of the business over the next twelve months.

Research and development

Applied research and development work continues to be directed towards the introduction of new and improved products, the application of new technology to reduce unit and operating costs and to improve service to customers.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Ordinary shares	
		31/05/04	01/06/03
		or date of	
		appointment	
W. L. Paulin	Resigned - 03/07/2003	-	-
C. J. Francis	Resigned - 03/07/2003	-	-
F. W. Ross	Resigned - 13/07/2004	-	-
Corroban Ltd	Appointed - 03/07/2003, Resigned - 01/06/2005	-	-
Hadenbury Ltd	Appointed - 03/07/2003, Resigned - 01/06/2005	-	-

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;

Sunvic Controls Limited

**Directors' report
for the year ended 31 May 2004**

- state whether applicable 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He 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

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Friend Boyden Accountancy Services Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 8th July 2005 and signed on its behalf by



.....
D.M. Paulin
Director

Sunvic Controls Limited

Independent auditors' report to the shareholders of Sunvic Controls Limited

We have audited the financial statements of Sunvic Controls Limited for the year ended 31 May 2004 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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 United Kingdom Auditing Standards 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.

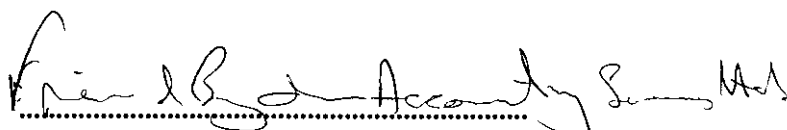
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Sunvic Controls Limited

Independent auditors' report to the shareholders of Sunvic Controls Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Friend Boyden Accountancy Services Limited
Chartered Certified Accountants and
Registered auditors

Date: 8th July 2005

Pembroke House
11 Northlands Pavement
Pitsea
Basildon Essex
SS13 3DX

Sunvic Controls Limited

**Profit and loss account
for the year ended 31 May 2004**

Continuing operations			
	Notes	2004 £	2003 £
Turnover	2	6,635,765	6,455,989
Cost of sales		(5,358,023)	(5,265,004)
Gross profit		1,277,742	1,190,985
Distribution costs		(615,753)	(461,508)
Administrative expenses		(462,907)	(405,881)
Other operating income		138,002	100,380
Operating profit	3	337,084	423,976
Interest payable and similar charges	4	(150,779)	(147,331)
Profit on ordinary activities before taxation		186,305	276,645
Tax on profit on ordinary activities	7	(76,242)	(12,870)
Profit on ordinary activities after taxation		110,063	263,775
Transfer from revaluation reserve		237	237
Retained profit for the year		110,300	264,012
Retained profit brought forward		1,824,675	1,560,663
Retained profit carried forward		1,934,975	1,824,675

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 18 form an integral part of these financial statements.

Sunvic Controls Limited

**Profit and loss account continued
for the year ended 31 May 2004**

Note of historical cost profits and losses

Profit on ordinary activities before taxation	186,305	276,645
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>237</u>	<u>237</u>
Historical cost profit on ordinary activities before taxation	<u>186,542</u>	<u>276,882</u>
Historic cost profit for the year retained after taxation and dividends	<u>110,537</u>	<u>264,249</u>

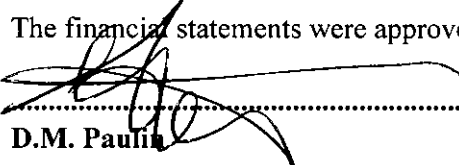
The notes on pages 8 to 18 form an integral part of these financial statements.

Sunvic Controls Limited

**Balance sheet
as at 31 May 2004**

		2004		2003	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	8		175,000		235,000
Tangible assets	9		1,537,314		1,696,641
			<u>1,712,314</u>		<u>1,931,641</u>
Current assets					
Stocks	10	795,765		855,017	
Debtors	11	2,870,301		1,916,565	
Cash at bank and in hand		128,428		109,328	
		<u>3,794,494</u>		<u>2,880,910</u>	
Creditors: amounts falling due within one year	12	(2,863,816)		(2,172,733)	
Net current assets			<u>930,678</u>		<u>708,177</u>
Total assets less current liabilities			2,642,992		2,639,818
Creditors: amounts falling due after more than one year	13		(87,973)		(174,862)
Provisions for liabilities and charges	14		(21,000)		(41,000)
Net assets			<u>2,534,019</u>		<u>2,423,956</u>
Capital and reserves					
Called up share capital	16		100		100
Revaluation reserve	17		598,944		599,181
Profit and loss account	17		1,934,975		1,824,675
Equity shareholders' funds	18		<u>2,534,019</u>		<u>2,423,956</u>

The financial statements were approved by the Board on 8th July 2005 and signed on its behalf by


D.M. Paulin
Director

The notes on pages 8 to 18 form an integral part of these financial statements.

Sunvic Controls Limited

Notes to the financial statements for the year ended 31 May 2004

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 5 years.

1.4. Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

1.5. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	straight line over forty years
Plant and machinery	-	on a straight line basis over three to ten years
Fixtures, fittings and equipment	-	on a straight line basis over three to ten years
Motor vehicles	-	on a straight line basis over three years or the term of the lease

Freehold land is not depreciated.

1.6. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.7. Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Costs includes all direct costs and an appropriate proportion of fixed and variable overheads.

Sunvic Controls Limited

Notes to the financial statements for the year ended 31 May 2004

..... continued

1.8. Pensions

Contributions to defined contribution pension plans are charged to the profit and loss account as payable.

1.9. Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. In accordance with FRS19, deferred tax is not recognised on revaluation gains. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

1.10. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

1.11. Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2. Turnover

	2004	2003
Geographical market		
UK	5,873,092	5,765,161
Europe	446,683	299,188
Rest of the World	315,990	391,640
	<u>6,635,765</u>	<u>6,455,989</u>

Sunvic Controls Limited

Notes to the financial statements for the year ended 31 May 2004

..... continued

3. Operating profit	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	60,000	60,000
Depreciation and other amounts written off tangible assets	174,138	185,410
Auditors' remuneration	11,000	6,000
	<u>3,000</u>	<u>3,000</u>
Government grants	<u>3,000</u>	<u>3,000</u>
4. Interest payable and similar charges	2004	2003
	£	£
Hire purchase interest	29,507	44,529
Factoring interest	121,272	102,802
	<u>150,779</u>	<u>147,331</u>
5. Employees		
Number of employees	2004	2003
The average monthly numbers of employees (including the directors) during the year were:		
Production	99	97
Selling and Distribution	5	10
Administration	9	9
	<u>113</u>	<u>116</u>
Employment costs	2004	2003
	£	£
Wages and salaries	1,791,593	1,746,671
Social security costs	161,405	150,063
Other pension costs	34,507	40,754
	<u>1,987,505</u>	<u>1,937,488</u>

Sunvic Controls Limited

**Notes to the financial statements
for the year ended 31 May 2004**

..... continued

5.1. Directors' emoluments	2004	2003
	£	£
Remuneration and other emoluments	-	62,912
Pension contributions	-	1,658
	<u>-</u>	<u>64,570</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

6. Pension costs

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £34,507 (2003 - £40,754).

Sunvic Controls Limited

**Notes to the financial statements
for the year ended 31 May 2004**

..... continued

7. Tax on profit on ordinary activities

Analysis of charge in period	2004	2003
	£	£
Current tax		
UK corporation tax	96,242	25,870
Total current tax charge	<u>96,242</u>	<u>25,870</u>
Deferred tax		
Timing differences, origination and reversal	(20,000)	(13,000)
Total deferred tax	<u>(20,000)</u>	<u>(13,000)</u>
Tax on profit on ordinary activities	<u>76,242</u>	<u>12,870</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before taxation	<u>186,305</u>	<u>276,645</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 May 2003 : 30%)	55,892	82,994
Effects of:		
Expenses not deductible for tax purposes	18,596	582
Capital allowances for period in excess of depreciation	21,754	33,944
Income not taxable	-	(91,650)
Current tax charge for period	<u>96,242</u>	<u>25,870</u>

Sunvic Controls Limited

**Notes to the financial statements
for the year ended 31 May 2004**

..... continued

8. Intangible fixed assets

	Goodwill	Total
	£	£
Cost		
At 1 June 2003	300,000	300,000
At 31 May 2004	<u>300,000</u>	<u>300,000</u>
Provision for diminution in value		
At 1 June 2003	65,000	65,000
Charge for year	<u>60,000</u>	<u>60,000</u>
At 31 May 2004	<u>125,000</u>	<u>125,000</u>
Net book values		
At 31 May 2004	<u>175,000</u>	<u>175,000</u>
At 31 May 2003	<u>235,000</u>	<u>235,000</u>

9. Tangible fixed assets	Land and buildings freehold	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost/valuation					
At 1 June 2003	1,385,960	1,537,838	929,398	348,035	4,201,231
Additions	-	<u>13,649</u>	<u>1,162</u>	-	<u>14,811</u>
At 31 May 2004	<u>1,385,960</u>	<u>1,551,487</u>	<u>930,560</u>	<u>348,035</u>	<u>4,216,042</u>
Depreciation					
At 1 June 2003	32,864	1,332,969	899,986	238,771	2,504,590
Charge for the year	<u>18,932</u>	<u>101,601</u>	<u>6,654</u>	<u>46,951</u>	<u>174,138</u>
At 31 May 2004	<u>51,796</u>	<u>1,434,570</u>	<u>906,640</u>	<u>285,722</u>	<u>2,678,728</u>
Net book values					
At 31 May 2004	<u>1,334,164</u>	<u>116,917</u>	<u>23,920</u>	<u>62,313</u>	<u>1,537,314</u>
At 31 May 2003	<u>1,353,096</u>	<u>204,869</u>	<u>29,412</u>	<u>109,264</u>	<u>1,696,641</u>

Freehold land amounting to £628,653 (2003: £628,653) is not depreciated.

Sunvic Controls Limited

Notes to the financial statements for the year ended 31 May 2004

..... continued

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2004		2003	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and machinery	31,392	77,184	108,576	65,004
Motor vehicles	62,313	46,951	109,264	64,685
	<u>93,705</u>	<u>124,135</u>	<u>217,840</u>	<u>129,689</u>

Tangible fixed assets included at a valuation would have been included on a historical cost basis at:

	2004 £	2003 £
Cost	662,800	662,800
Depreciation	325,080	308,885
Net book value	<u>337,720</u>	<u>353,915</u>

The freehold land and buildings were valued at £985,960 by GVA Grimley an independent firm of Chartered Surveyors as at 28th April 2001, on an open market existing use basis. The directors are not aware of any material change in value since the date of valuation. This valuation does not include the addition of £400,000 in the year ended 31st May 2003.

10. Stocks	2004 £	2003 £
Raw materials and consumables	507,646	665,045
Work in progress	567	2,000
	<u>508,213</u>	<u>667,045</u>
Finished goods and goods for resale	287,552	187,972
	<u>795,765</u>	<u>855,017</u>

Sunvic Controls Limited

Notes to the financial statements for the year ended 31 May 2004

..... continued

11. Debtors	2004 £	2003 £
Trade debtors	1,432,849	1,247,226
Amounts owed by group undertakings	1,300,113	531,989
Other debtors	35,416	47,731
Prepayments and accrued income	101,923	89,619
	<u>2,870,301</u>	<u>1,916,565</u>

As at 31st May 2004 the factored debts amounted to £1,432,849 (2003: £1,215,242). The amount owed by group undertakings of £1,300,113 was repaid on 30th November 2004 by a dividend to Croftacre Holdings Ltd.

12. Creditors: amounts falling due within one year	2004 £	2003 £
Factoring account	1,164,812	929,540
Net obligations under finance leases and hire purchase contracts	92,906	128,789
Trade creditors	1,193,133	909,940
Amounts owed to group undertaking	-	9,042
Corporation tax	122,112	25,870
Other taxes and social security costs	204,396	93,244
Other creditors	29,986	28,272
Accruals and deferred income	56,471	48,036
	<u>2,863,816</u>	<u>2,172,733</u>

Some suppliers include in their conditions of sale a clause under which they reserve title to goods supplied until they are paid. These goods are included in stock. The amounts owed to group undertakings are interest free and have no specified terms of repayments. The finance leases and hire purchase contracts are secured on the assets concerned. The factoring account is secured by a charge over the book debts.

Sunvic Controls Limited

**Notes to the financial statements
for the year ended 31 May 2004**

..... continued

13. Creditors: amounts falling due after more than one year	2004 £	2003 £
Accruals and deferred income	56,219	59,219
Net obligations under finance leases and hire purchase contracts	31,754	115,643
	<u>87,973</u>	<u>174,862</u>

The finance leases and hire purchase contracts are secured on the assets concerned.

**Net obligations under finance leases
and hire purchase contracts**

Repayable within one year	113,162	154,401
Repayable between one and five years	39,402	138,708
	<u>152,564</u>	<u>293,109</u>
Finance charges and interest allocated to future accounting periods	(27,904)	(48,677)
	<u>124,660</u>	<u>244,432</u>

14. Provisions for liabilities and charges

	Deferred taxation (Note 15) £	Total £
At 1 June 2003	41,000	41,000
Movements in the year	20,000	20,000
At 31 May 2004	<u>21,000</u>	<u>21,000</u>

Sunvic Controls Limited

**Notes to the financial statements
for the year ended 31 May 2004**

..... continued

15. Provision for deferred taxation	2004	2003
	£	£
Accelerated capital allowances	<u>21,000</u>	<u>41,000</u>
Provision at 1 June 2003	41,000	
Deferred tax charge in profit and loss account	<u>(20,000)</u>	
Provision at 31 May 2004	<u>21,000</u>	
 16. Share capital	 2004	 2003
	£	£
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
 Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
 17. Equity Reserves	 Revaluation reserve	 Profit and loss account
	£	£
At 1 June 2003	599,181	1,824,675
Transfer of realised profit	(237)	-
Retained profit for the year	<u>110,300</u>	<u>110,300</u>
At 31 May 2004	<u>598,944</u>	<u>1,934,975</u>
		<u>2,533,919</u>

Sunvic Controls Limited

Notes to the financial statements for the year ended 31 May 2004

..... continued

18. Reconciliation of movements in shareholders' funds	2004 £	2003 £
Profit for the year	110,300	264,012
Other recognised gains or losses	(237)	(237)
Net addition to shareholders' funds	110,063	263,775
Opening shareholders' funds	2,423,956	2,160,181
Closing shareholders' funds	2,534,019	2,423,956

19. Related party transactions

During the year the company was a wholly owned subsidiary undertaking of Croftacre Holdings Ltd and in accordance with FRS 8 "Related party disclosures", the company is not required to disclose transactions with other members of the group.

20. Ultimate parent undertaking and controlling interest

As at 1st June 2005, Tayclyde Ltd is the company's ultimate parent company. Mr D.M. Paulin is the company's ultimate controlling party due to holding 100% of the shares in Tayclyde Ltd.

21. Post balance sheet events

On the 1st June 2005 the entire share capital of the company was acquired by Tayclyde Ltd.