

Registered no. 03338182

P C Cox (Holdings) Limited  
Annual report  
for the year ended 31 December 2005

THURSDAY



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COMPANIES HOUSE

# **P C Cox (Holdings) Limited**

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

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

The directors present their report and the audited financial statements of the company and group for the year ended 31 December 2005

### **Principal activity**

P C Cox (Holdings) Limited is the holding company of a group serving the chemical sealants and adhesives market worldwide

### **Review of business and future developments**

The Group's sales made good progress during the year in all of its major markets. Overall gross profit margins were also improved as a result of improving efficiency cost control and product mix. This progress was achieved despite increasing cost pressures arising from world market increases in prices across all of our key raw materials including zinc, aluminum, steel and plastics and energy prices.

PC Cox Ltd and Cox North America continue to benefit from our marketing efforts to work closely with our major customers on product development and building the PC Cox brand internationally. The development of the new dental product range progressed during the year and investment in new dedicated manufacturing facilities at Ark Plastics continued. The system is expected to be ready for customer trials in 2006 and is already attracting a lot of interest from potential customers.

Mays Pressure Diecastings showed further signs of recovery during the year, benefiting from its focus upon customer service and quality.

On 31<sup>st</sup> January 2005 the Group successfully negotiated a refinancing with our bankers, HBoS. The outstanding loan of £7.3 million was repayable over a period ending 2010.

On November 27<sup>th</sup> 2007 the Group completed a further refinancing of its bank facilities with a new lender. The new facility has a maximum limit of £8.944 million and comprises an asset based package of lending facilities including variable interest rate term loans repayable over periods up to 5 years, together with a revolving credit facility. Proceeds of the refinancing have gone to repay all loans outstanding with the Group's former senior bank lender HBoS, and to finance working capital (see note 25).

### **Financial risk management objectives and policies**

The group uses various financial instruments including cash, equity investments, loans and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below. The main risks arising from the group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

#### *Currency risk*

The principal trading currencies of the group are sterling, euro and US dollar. To reduce foreign exchange risk, the group operates bank accounts in all three major currencies that it transacts sales and purchases in. The group seeks to provide a level of operational hedging for its foreign currency cash flow by drawing down some of its term loan facilities in euro and US dollar and matching the payment of regular repayment instalment and interest with receipts from sales. The group also seeks to match the timing of the settling of foreign currency sales with purchase invoices in those currencies.

## *Liquidity risk*

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The group receives financial support from its investors when necessary.

## *Interest rate risk*

The group principally finances its operations through equity investment by its shareholders, fixed rate loan notes from its investors, and floating rate term loans and revolving credit facilities from its bank lenders. The group's cash assets are held in floating rate bank accounts. Trade debtors and creditors do not attract interest.

## *Credit risk*

The group's principal financial assets are cash and trade debtors. The credit risk associated with the cash balances is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

Credit risk in debtors is managed through use of credit insurance, and also the application of credit control procedures including measures such as setting credit limits for customers based upon a combination of payment history and third party credit references.

## **Results and dividends**

The consolidated profit and loss account for the year is set out on page 5.

The directors do not propose the payment of a dividend for the year ended 31 December 2005 (2004 £nil).

## **Directors**

The directors who held office during the year are given below.

G Brooke  
R Hart  
F J Lumb  
J O'Connor

## **Secretary**

R A Jameson (resigned 29 September 2006)  
P Crawford (appointed 29 September 2006)

## **Charitable donations**

Charitable donations of £2,032 (2004 £2,058) were made during the year.

## **Employees**

The group's policy is to consult and discuss with employees matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and news letters which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements would be made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

**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 the group and of the profit or loss of the company and group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business (see note 1)

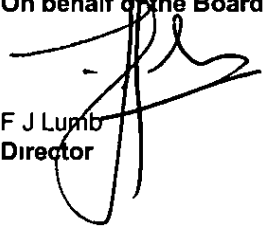
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

The auditors PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**On behalf of the Board**



F J Lumb  
Director

**Independent auditors' report to the members of  
P C Cox (Holdings) Limited**

We have audited the group and parent company financial statements (the "financial statements") of P C Cox (Holdings) Limited for the year ended 31 December 2005 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and the related notes. 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom 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). 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 group's and 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 group's and the parent company's affairs as at 31 December 2005 and of the group's loss and cash flows for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Reading

*19th December 2007*

# Consolidated profit and loss account for the year ended 31 December 2005

		2005	2004
	Note	£'000	as restated £'000
<b>Turnover</b>	2	<b>16,481</b>	15,288
<b>Cost of sales</b>		<b>(9,283)</b>	(8,703)
<b>Gross profit</b>		<b>7,198</b>	6,585
Selling and distribution costs		(1,351)	(1,566)
Administrative expenses		(6,418)	(5,959)
<b>Operating loss</b>	5	<b>(571)</b>	(940)
Exceptional items	6	246	-
Interest receivable and similar income		34	32
Interest payable and similar charges	7	(2,796)	(2,388)
Other finance expense	18	(50)	(49)
<b>Loss on ordinary activities before taxation</b>		<b>(3,137)</b>	(3,345)
Tax on loss on ordinary activities	8	(75)	(155)
<b>Loss for the financial year</b>	21	<b>(3,212)</b>	(3,500)

The group's results for the years shown above are derived entirely from continuing operations

There is no difference between the loss on ordinary activities before taxation and the loss for the financial years stated above, and their historical cost equivalents

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

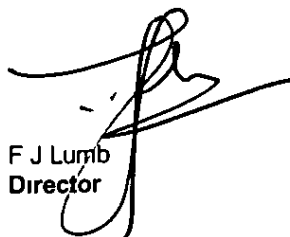
	Note	2005 £'000	2004 as restated £'000
Loss for the financial year		(3,212)	(3,500)
Currency translation differences on foreign currency net investments		225	(115)
Actuarial gain/(loss) on pension scheme	18	171	(328)
Total recognised loss relating to the year		(2,816)	(3,943)
Prior period adjustment – FRS 17		(2,653)	
Total recognised loss since last annual report		(5,469)	



## Balance sheets as at 31 December 2005

	Note	Group		Company	
		2005	2004 as restated	2005	2004
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	10	3,233	5,635	-	-
Tangible assets	11	5,822	4,870	-	-
Investments	12	-	-	7,132	7,132
		9,055	10,505	7,132	7,132
<b>Current assets</b>					
Stocks	13	1,747	1,409	-	-
Debtors	14	3,726	3,210	1,574	1,061
Cash at bank and in hand		835	632	28	27
		6,308	5,251	1,602	1,088
<b>Creditors - Amounts falling due within one year</b>	15	(4,511)	(10,784)	(438)	(725)
<b>Net current assets/(liabilities)</b>		1,797	(5,533)	1,164	363
<b>Total assets less current liabilities</b>		10,852	4,972	8,296	7,495
<b>Creditors - Amounts falling due after more than one year</b>	16	(22,755)	(13,948)	(12,337)	(10,476)
<b>Provisions for liabilities and charges</b>	17	(4)	(53)	-	-
<b>Net liabilities excluding pension deficit</b>		(11,907)	(9,029)	(4,041)	(2,981)
<b>Pension deficit</b>	18	(2,591)	(2,653)	-	-
<b>Net liabilities</b>		(14,498)	(11,682)	(4,041)	(2,981)
<b>Capital and reserves</b>					
Called-up share capital	19	10	10	10	10
Share premium account	20	824	824	824	824
Profit and loss account (deficit)	20	(15,332)	(12,516)	(4,875)	(3,815)
<b>Equity shareholders' (deficit)</b>	21	(14,498)	(11,682)	(4,041)	(2,981)

The financial statements on pages 5 to 27 were approved by the board of directors on 14/12/2007 and were signed on its behalf by

  
F J Lumb  
Director

# Consolidated cash flow statement for the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
<b>Operating activities</b>			
Net cash inflow from continuing operating activities		2,258	1,680
<b>Returns on investments and servicing of finance</b>			
Interest received		34	32
Interest paid		(721)	(608)
Interest element of finance and hire purchase lease payments		(33)	(9)
<b>Net cash outflow from returns on investment and servicing of finance</b>		<b>(720)</b>	<b>(585)</b>
<b>Taxation</b>		<b>(166)</b>	<b>(26)</b>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(1,029)	(638)
<b>Net cash outflow for capital expenditure and financial investment</b>		<b>(1,029)</b>	<b>(638)</b>
<b>Cash inflow before financing</b>		<b>343</b>	<b>431</b>
<b>Financing</b>			
Repayment of loans		(580)	(194)
Capital element of finance and hire purchase lease rental payments		(143)	(56)
<b>Net cash outflow from financing</b>		<b>(723)</b>	<b>(250)</b>
<b>(Decrease)/increase in cash in the year</b>	22	<b>(380)</b>	181

**Reconciliation of operating loss to net cash inflow from operating activities**

	<b>2005</b>	<b>2004</b>
		<b>as restated</b>
	<b>£'000</b>	<b>£'000</b>
<b>Continuing activities</b>		
Operating loss	(571)	(940)
Exceptional operating profit	246	-
FRS 17 charge	59	61
Amortisation of intangible fixed assets	2,402	2,402
Depreciation of tangible fixed assets	545	518
Loss on disposal of fixed assets	88	41
Increase in trade debtors	(204)	(393)
Increase in prepayments and other debtors	(258)	(343)
Increase in stock	(338)	(45)
Increase in creditors	275	447
Exchange differences	14	(66)
<b>Net cash inflow from continuing operating activities</b>	<b>2,258</b>	<b>1,680</b>

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

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the more important group accounting policies, which have been consistently applied except for changes arising on the adoption of new accounting standards, is set out below.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

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

The group has adopted FRS 17, 'Retirement benefits', FRS 21, 'Events after the balance sheet date', and FRS 25, 'Financial instruments: Disclosure and presentation' in these financial statements. The adoption of each of these standards represents a change in accounting policy and the comparative figures have been restated accordingly, except where the exemption to restate comparatives has been taken.

The adoption of FRS 17 has resulted in the following adjustments to the prior year financial statements: an increase in staff costs of £61,000, an increase in other finance expense of £49,000, increase in loss for the financial year of £110,000 and an increase in other recognised gains and losses of £328,000.

The adoption of FRS 25 and FRS 21 has had no impact on the group or company.

#### **Going concern**

The financial statements have been prepared on the going concern basis which assumes that the group will continue in operational existence for the foreseeable future.

#### **Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2005. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

#### **Related party transactions**

Transactions between the company and other group companies have not been disclosed in accordance with the exemption in FRS 8 paragraph 3(a).

#### **Goodwill**

The group has capitalised positive purchased goodwill arising on acquisitions. This is being amortised over a period of 10 years which is the period the directors consider to be the useful economic life of the asset. The useful economic life for goodwill on the acquisition made in 1998 was revised from 20 years to 10 years during 1999. The useful economic life for goodwill on the acquisition made in 1997 was revised from 20 years to 10 years during 2001. The directors consider this to be the remaining useful economic life. Provision is made for impairment in value when required.

**Tangible fixed assets and other intangible fixed assets**

The cost of tangible and intangible fixed assets is their purchase cost, together with any incidental costs of acquisition

Depreciation and amortisation is calculated so as to write off the cost of tangible fixed assets and intangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are

	%
Freehold buildings	2 ½
Plant and machinery	7 - 50
Fixtures, fittings and equipment	25
Leasehold improvements	over the term of the lease
Motor vehicles	25 - 50
Patents	10

The cost of Freehold land is not depreciated

**Finance, hire purchase and operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term

Leasing agreements which substantially transfer all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance and hire purchase leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance or hire purchase leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets

**Investments**

Fixed asset investments are stated at cost less provision for impairment in value

**Fees and issue costs**

Share issue costs are written off against the share premium account. The costs of issue of capital instruments are charged to the profit and loss account over the life of the instrument. A corresponding amount is subsequently transferred from the profit and loss reserve to the share premium account

Fees incurred directly in making the acquisitions are included in the cost of investment of the subsidiaries

**Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stock

**Foreign currencies**

Monetary assets and liabilities as well as the results of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences on exchange arising from the retranslation of the acquired net investment in subsidiaries are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the period in which they arise

**Turnover**

Turnover, which excludes value added tax, sales between group companies and trade discounts represents the invoiced value of goods and services supplied. Invoices are raised on despatch of products and revenue is recognised on this basis.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

**Pension costs**

The group operates a defined benefit pension scheme. The scheme assets are measured at fair value. Defined benefit liabilities are measured using the projected unit method. Defined benefit scheme liabilities are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Full actuarial valuations take place at least every three years and are updated at each balance sheet date.

An asset is recognised in respect of a defined benefit pension scheme to the extent that a surplus may be recovered through reduced contributions and refunds. A liability is recognised to the extent that the deficit reflects the company's legal or constructive obligation. The change in the defined benefit asset or liability relating to current service cost is reflected in the profit and loss account in operating expenses. The net change relating to the interest cost and the expected return on assets is shown in the profit and loss account. The change in the defined benefit asset or liability relating to actuarial gains and losses is recognised immediately in the statement of total recognised gains and losses.

In addition the group makes contributions to a defined contribution pension scheme for certain employees. The contributions of £500 (2004: £500) are included in pension costs and there are no amounts outstanding at the year end. The group provides no other post retirement benefits to its employees.

## 2 Turnover

The group's turnover is derived entirely from its principal activity

	2005 £'000	2004 £'000
<b>Turnover by destination</b>		
United Kingdom	4,588	4,118
Continental Europe	6,540	6,331
North America	4,523	4,100
Asia	365	308
Middle East and Africa	217	94
Australia	248	337
	<b>16,481</b>	<b>15,288</b>

## 3 Directors' emoluments

	2005 £'000	2004 £'000
Aggregate emoluments	102	101
Sums paid to third parties for directors services	20	20

The payment of the above emoluments is borne by P C Cox Limited, a subsidiary undertaking

Retirement benefits are accruing to one director (2004 one) under the group's defined benefit scheme

## 4 Employee information

The average monthly number of persons (including executive directors) employed by the group during the year was

<b>By activity</b>	2005 Number	2004 Number
Management	3	3
Production	269	257
Selling and distribution	14	13
Administration	28	27
	<b>314</b>	<b>300</b>

The three Management persons are employees of the company

	2005 £'000	2004 as restated £'000
<b>Staff costs (for the above persons)</b>		
Wages and salaries	5,119	4,814
Social security costs	435	403
Pension costs (note 18)	292	276
	<b>5,846</b>	<b>5,493</b>

## **5 Operating loss**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating loss is stated after charging/(crediting):</b>		
Depreciation charge for the year on		
Tangible owned fixed assets	<b>503</b>	501
Tangible leased fixed assets	<b>42</b>	17
Amortisation charge for year on intangible fixed assets	<b>2,402</b>	2,402
Auditors' remuneration - audit services	<b>102</b>	93
Auditors' remuneration – non-audit services	<b>25</b>	24
Hire of plant and machinery – operating leases	<b>30</b>	52
Hire of other assets – operating leases	<b>411</b>	449
Loss on disposal of fixed assets	<b>88</b>	41
Operating exceptional items		
Profit on disposal of stock (note 6)	<b>(6)</b>	-
Insurance proceeds against business interruption (note 6)	<b>(50)</b>	-

Audit fees and non-audit fees for the company were borne by P C Cox Limited

## **6 Exceptional items**

Exceptional items recorded in the profit and loss account relate to a fire on 8 December 2005 which destroyed two warehouses, and the stock and other assets held therein. The assets were fully insured.

In the financial statements at 31 December 2005, £110,000 of the aggregate amount received from the insurers has been accounted for within operating loss as profit on disposal of stock. This resulted in a profit of £6,000 being recognised. A further £328,000 has been recognised as an exceptional item on disposal of tangible fixed assets. After deducting the net book value of assets destroyed in these fires, a profit on disposal of fixed assets of £246,000 before related taxation thereon, arises and has been recognised in the financial statements as an exceptional item.

In addition £50,000 has been received from the insurers in respect of increased costs of working and consequential loss of profits. This has been included as other income in operating loss as disclosed in note 5.

The claim has subsequently been settled in full in Q4 2006. Amounts received did not give rise to any material variances from those amounts accounted for in 2005.

## **7 Interest payable and similar charges**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans and overdrafts	<b>737</b>	603
On debentures and other loans	<b>2,023</b>	1,773
On finance and hire purchase leases	<b>33</b>	9
Other interest	<b>3</b>	3
	<b>2,796</b>	2,388



**8 Tax on loss on ordinary activities**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax:</b>		
UK and US corporation tax on loss for the year	<b>100</b>	125
Adjustment to tax charge in respect of prior years	<b>24</b>	-
Total current tax charge	<b>124</b>	125
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(30)</b>	(4)
Adjustment of tax in respect of prior years	<b>(19)</b>	34
Total deferred tax (credit)/charge	<b>(49)</b>	30
Tax on loss on ordinary activities	<b>75</b>	155

The tax charge for the year is higher (2004 higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Loss on ordinary activities before tax	<b>(3,137)</b>	(3,235)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK 30% (2004 30%)	<b>(941)</b>	(1,003)
Effects of		
Expenses not deductible for tax purposes	<b>287</b>	324
Accelerated capital allowances and other timing differences	<b>700</b>	749
Adjustment to tax charge in respect of previous year	<b>24</b>	-
Excess foreign tax suffered	<b>2</b>	2
Tax rate differences	<b>19</b>	20
Pension cost charge in excess of relief	<b>33</b>	33
<b>Tax charge for the financial year</b>	<b>124</b>	125

**9 Loss for the financial year**

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company has not been included in these financial statements. The loss for the year attributable to shareholders of the Company was £1,060,156 (2004 £665,403)

**10 Intangible fixed assets**

The company has no intangible fixed assets. Details of those relating to the group are as follows

<b>Group</b>	<b>Patents £'000</b>	<b>Goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2005	5,400	15,705	21,105
<b>At 31 December 2005</b>	<b>5,400</b>	<b>15,705</b>	<b>21,105</b>
<b>Accumulated amortisation</b>			
At 1 January 2005	4,140	11,330	15,470
Charge for the year	540	1,862	2,402
<b>At 31 December 2005</b>	<b>4,680</b>	<b>13,192</b>	<b>17,872</b>
<b>Net book amount</b>			
<b>At 31 December 2005</b>	<b>720</b>	<b>2,513</b>	<b>3,233</b>
Net book amount			
At 31 December 2004	1,260	4,375	5,635

Goodwill includes intellectual property rights

## 11 Tangible fixed assets

The company has no tangible fixed assets. Details of those relating to the group are as follows

Group	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 January 2005	2,852	164	6,072	121	19	9,228
Exchange differences	55	-	58	3	-	116
Additions	2	84	1,429	24	-	1,539
Disposals	(91)	-	(114)	(17)	-	(222)
<b>At 31 December 2005</b>	<b>2,818</b>	<b>248</b>	<b>7,445</b>	<b>131</b>	<b>19</b>	<b>10,661</b>
<b>Accumulated depreciation</b>						
At 1 January 2005	254	84	3,948	61	11	4,358
Exchange differences	7	-	58	5	-	70
Charge for year	34	15	470	20	6	545
Disposals	(39)	-	(78)	(17)	-	(134)
<b>At 31 December 2005</b>	<b>256</b>	<b>99</b>	<b>4,398</b>	<b>69</b>	<b>17</b>	<b>4,839</b>
<b>Net book amount</b>						
<b>At 31 December 2005</b>	<b>2,562</b>	<b>149</b>	<b>3,047</b>	<b>62</b>	<b>2</b>	<b>5,822</b>
<b>Net book amount</b>						
At 31 December 2004	2,598	80	2,124	60	8	4,870

The net book value of assets held under finance and hire purchase leases amounted to £710,553 (2004 £270,983) included within plant and machinery

## 12 Fixed asset investments

Company	Loans to subsidiary undertakings £'000	Interests in subsidiary undertakings £'000	Total £'000
Cost and net book amount at 1 January and 31 December 2005	7,047	85	7,132

Group	Interests in own shares £'000	Total £'000
Cost and net book amount at 1 January and 31 December 2005	-	-

Details of subsidiary undertakings, which have all been consolidated in these financial statements, are as follows

Name of undertaking	Country of registration/ incorporation	Description of shares held	Proportion of nominal value of ordinary shares held		Principal activities
			Group	Company	
Cox North America LLP	United States of America	Unincorporated	100%	5%	Intermediate holding company
Cox North America Inc	United States of America	Ordinary \$1 shares	100%	-	Sale and distribution of sealant applicators
P C Cox Ltd	United Kingdom	Ordinary £1 shares	100%	100%	Manufacture of sealant applicators
Mays (Pressure Diecastings) Ltd	United Kingdom	Ordinary £1 shares	100%	-	Pressure diecasters and toolmakers
Cox Plastics Technologies Limited (Formerly Ark Plastics Products Limited)	United Kingdom	Ordinary £1 shares	100%	-	Plastic injection moulders

The address of the principal place of business of Cox North America LLP is 1013 Centre Road, Wilmington, Delaware 19805

### 13 Stocks

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Raw materials and consumables	1,159	855	-	-
Work in progress	280	189	-	-
Finished goods	308	365	-	-
	<b>1,747</b>	<b>1,409</b>	<b>-</b>	<b>-</b>

### 14 Debtors

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year</b>				
Trade debtors	2,641	2,437	-	-
Corporation tax recoverable	66	12	-	-
Amounts owed by group undertakings	-	-	1,574	1,061
Other debtors	718	370	-	-
Prepayments and accrued income	301	391	-	-
	<b>3,726</b>	<b>3,210</b>	<b>1,574</b>	<b>1,061</b>

The amounts owed by group undertakings are unsecured, have no fixed repayment date and interest is earned at a rate of 8% (2004 8%)

### 15 Creditors: Amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank overdrafts (secured – note 16)	961	420	-	-
Bank loans (secured – note 16)	1,041	7,839	-	-
Other loans (see note 16)	-	500	-	500
Finance and hire purchase leases	142	62	-	-
Trade creditors	1,083	926	-	-
Other taxation and social security	179	160	-	-
Interest creditor	386	-	386	-
Accruals and deferred income	719	877	52	225
	<b>4,511</b>	<b>10,784</b>	<b>438</b>	<b>725</b>

**16 Creditors: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
14% unsecured loan stock	<b>15,352</b>	13,785	<b>11,580</b>	10,476
12% secured loan stock 2007-2008 (secured)	<b>757</b>	500	<b>757</b>	500
Bank loans and overdrafts (secured)	<b>8,231</b>	8,259	-	-
Finance and hire purchase leases	<b>559</b>	225	-	-
	<b>24,899</b>	22,769	<b>12,337</b>	10,976
<b>Less Amounts falling due within one year</b>				
12% secured loan stock 2007-2008 (secured)	-	(500)	-	(500)
Bank loans and overdrafts (secured)	<b>(2,002)</b>	(8,259)	-	-
Finance and hire purchase leases	<b>(142)</b>	(62)	-	-
	<b>22,755</b>	13,948	<b>12,337</b>	10,476

**Loan stocks, bank loans and overdrafts**

Repayable as follows

In one year or less	<b>2,002</b>	8,759	-	500
Between one and two years	<b>1,755</b>	13,785	<b>300</b>	10,476
Between two and five years	<b>20,583</b>	-	<b>12,037</b>	-
<b>Total</b>	<b>24,340</b>	22,544	<b>12,337</b>	10,976

The bank loans, overdrafts and 12% loan stock are secured by a fixed and floating charge over the assets of the company and other group undertakings. All loan stock is subordinated to the bank loans. Interest is payable on the bank loans. The variable rates range between 2.5% and 4% (2004 2% and 3.5%) above LIBOR. These rates are dependent on the group's loss before interest and tax.

The 12% secured loan stock is subordinated to the bank loans and therefore redemption will not be sought in 2006, accordingly the loan stock has been re-classified and presented as repayable between one and two years and two and five years within the 2005 maturity profile shown above.

The 14% unsecured loan stock held by CVC European Equity Partners LP was due for redemption on the contractual redemption date in 2006. The loan stock is subordinated to the bank loans and therefore CVC European Equity Partners LP have indicated that redemption will not be sought in 2006, accordingly the loan stock has been presented as repayable between two and five years within the maturity profile shown above. To date, funding bonds have been issued to the value of £1,928,974. On the contractual redemption date of the loan notes, 20% of the liability is due to the Inland Revenue and the remaining 80% is due to CVC European Equity Partners LP.

**Finance and hire purchase leases**

The company has no finance or hire purchase leases. The future minimum payments under finance and hire purchase leases to which the group is committed are

	2005 £'000	2004 £'000
Within one year	142	62
Between two and five years	417	163
	559	225

**17 Provision for liabilities and charges**

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
<b>Deferred taxation</b>				
At 1 January	53	14	-	-
Exchange differences	-	9	-	-
Profit and loss account	(49)	30	-	-
<b>At 31 December</b>	<b>4</b>	<b>53</b>	<b>-</b>	<b>-</b>

Deferred taxation provided in the financial statements and the amount un-provided of the total potential liability/(asset) are as follows

	Amount provided		Amount un-provided	
	2005 £'000	2004 £'000	2005 £'000	2004 as restated £'000
<b>Group</b>				
Tax effect of timing differences because of				
Excess of tax allowances over depreciation	37	48	(1,048)	(206)
Other short term timing differences	-	19	(1,215)	(1,077)
Pension	-	(14)	(777)	(796)
Losses	(33)	-	(795)	(937)
	4	53	(3,835)	(3,016)

	Amount provided		Amount un-provided	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
<b>Company</b>				
Tax effect of short term timing differences	-	-	(690)	(690)
Losses	-	-	(718)	(401)
	-	-	(1,408)	(1,091)

## 18 Pension commitments

The group operates a defined benefit plan for its employees, the P C Cox Limited Pension Scheme. The assets of the plan are administered by trustees and are held separately from the group.

Following the acquisition of the P C Cox division trade in May 1997 a pension plan was established on 1 October 1997. The employees were participating in the pension scheme operated by BBA Group plc from whom P C Cox's trade was purchased, from completion of the acquisition up to 30 September 1997. A bulk transfer value representing the value of the employees' accrued benefits in the BBA schemes was transferred into the plan.

The contributions paid into the plan by the group in respect of defined and guaranteed benefits for the year ended 31 December 2005 amounted to £233,000 (2004: £215,000), being 14.6% of pensionable pay of staff and 24.2% of pensionable pay of executives. From January 2005 these contribution rates have changed to 10.2% of pensionable pay for staff and 21.3% of pensionable pay for executives plus annual contributions of £105,000. These contribution rates will continue until reviewed following the triennial valuation of the scheme due as at 30 September 2006.

The last full actuarial valuation of the P C Cox Limited Pension Scheme was carried out by a qualified, independent actuary, Jardine Lloyd Thompson, as at 30 September 2003. The assumptions that have the most significant effect on the results of the valuation are those relating to the rates of return on investments and the rate of increase in salaries and pensions. It was assumed that the investment returns would be 7% per annum, general salary increases 5% per annum and that pensions would increase at the rate of 3% per annum.

The financial assessment showed that the market value of the schemes' assets at 30 September 2003 was £3,472,725. The actuarial value of these assets at 30 September 2003, under the continuing valuation basis was £3,417,000, which represented 79% of the benefits that had accrued to members, after allowing for future expected increases in earnings.

### FRS 17 Retirement benefits

The valuation used for FRS 17 disclosures has been based on the most recent actuarial assessment at 30 September 2003 and updated by Jardine Lloyd Thompson, the actuaries to the pension scheme, to take account of the requirements of FRS 17 as at 31 December 2005.

In accordance with FRS17, the service cost has been calculated using the projected unit method. As the Scheme is closed to new entrants the current service cost under the projected unit method will increase as the members of the Scheme approach retirement.

The financial assumptions used to calculate the scheme liabilities under FRS 17 are

	2005	2004	2003
	%	%	%
Rate of increase in salaries	4.75	4.75	4.75
Rate of increase in pensions in payment (post 1997)	3.0	3.0	3.0
Revaluation rate for deferred pensioners	3.0	3.0	3.0
Discount rate	5.0	5.25	5.5
Inflation assumption	3.0	3.0	3.0



The assets and liabilities in the scheme and the expected rates of return were

	Long term expected rate of return at 31 December 2005 %	Value at 31 December 2005 £'000	Long term expected rate of return at 31 December 2004 %	Value at 31 December 2004 £'000	Long term expected rate of return at 31 December 2003 %	Value at 31 December 2003 £'000
Equities	7.75	4,179	7.75	3,717	7.75	3,366
Bonds	4.0	469	4.5	360	4.75	351
Property	7.75	518	-	-	-	-
Cash	4.5	227	4.75	215	3.75	15
Total market value of assets		5,393		4,292		3,732
Present value of scheme liabilities		(7,984)		(6,945)		(5,947)
Deficit in scheme		(2,591)		(2,653)		(2,215)

	2005 £'000	2004 £'000
<b>Analysis of the amount charged to operating profit</b>		
Current service cost	292	276
Total operating charge	292	276

	2005 £'000	2004 £'000
<b>Analysis of the amount charged to other finance expense:</b>		
Expected return on pension scheme assets	(321)	(283)
Interest on pension liabilities	371	332
Net expense	50	49

	2005 £'000	2004 £'000
<b>Analysis of amount recognised in statement of total recognised gains and losses</b>		
Difference between expected and actual return on assets	608	137
Experience gains and losses arising on the scheme liabilities	20	380
Changes in assumptions underlying the present value of the scheme liabilities	(457)	(845)
Actuarial gain /(loss) recognised in the statement of total recognised gains and losses	171	(328)

	2005	2004
	£'000	£'000
<b>Movement in deficit during the year</b>		
Deficit in scheme at beginning of year	(2,653)	(2,215)
Movement in year		
Current service cost	(292)	(276)
Net return on assets	(50)	(49)
Contributions	233	215
Actuarial gain/(loss)	171	(328)
Deficit in scheme at end of year	(2,591)	(2,653)

<b>History of experience gains and losses</b>	2005	2004	2003	2002
<b>Difference between expected and actual return on assets</b>				
Amount (£'000)	608	137	340	(911)
Percentage of the present value of the scheme assets at period end	11.3	3.2	9.1	29.1
<b>Experience gains and losses arising on the scheme liabilities</b>				
Amount (£'000)	20	380	29	72
Percentage of the present value of the scheme liabilities at period end	0.3	5.5	0.5	1.4
<b>Total actuarial gain/(loss) recognised in statement of total recognised gains and losses</b>				
Amount (£'000)	171	(328)	30	(1,286)
Percentage of the present value of the scheme liabilities at period end	2.1	(4.7)	0.5	24.4

## 19 Called-up share capital

	2005	2004
	£'000	£'000
<b>Authorised</b>		
1,000,000 (2005 1,000,000) ordinary shares of 1p each	10	10
<b>Allotted, called-up and fully paid</b>		
1,000,000 (2005 1,000,000) ordinary shares of 1p each	10	10

**20 Share premium account and reserves**

<b>Group</b>	<b>Share premium account £'000</b>	<b>Profit and loss deficit £'000</b>
At 31 December 2004 as previously reported	824	(9,821)
Prior year adjustment – FRS 17 (note 1)	-	(2,653)
Prior year adjustment – UITF 38	-	(42)
At 1 January 2005 as restated	824	(12,516)
Exchange differences	-	225
Actuarial gain on pension scheme	-	171
Loss for the financial year	-	(3,212)
<b>At 31 December 2005</b>	<b>824</b>	<b>(15,332)</b>
Pension deficit		2,591
Profit and loss reserve excluding pension deficit		(12,741)

**Prior year adjustment – UITF 38**

The prior year adjustment relates to shares held by an Employee Benefit Trust previously shown as an asset and now as a deduction from shareholders' deficit

<b>Company</b>	<b>Share premium account £'000</b>	<b>Profit and loss deficit £'000</b>
At 1 January 2005	824	(3,815)
Loss for the financial year	-	(1,060)
<b>At 31 December 2005</b>	<b>824</b>	<b>(4,875)</b>

**21 Reconciliation of movements in shareholders' deficit**

<b>Group</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
Loss for the financial year	(3,212)	(3,500)
Actuarial gain/(loss) on pension scheme	171	(328)
Exchange differences	225	(115)
Net increase to shareholders' deficit	(2,816)	(3,943)
Shareholders' deficit as at 1 January as previously reported	(9,029)	(5,482)
Prior year adjustment – FRS17 (note 1)	(2,653)	(2,215)
Prior year adjustment – UITF 38	-	(42)
Shareholders' deficit as at 1 January as restated	(11,682)	(7,739)
<b>Shareholders' deficit as at 31 December</b>	<b>(14,498)</b>	<b>(11,682)</b>

<b>Company</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
Loss for the financial year	(1,060)	(665)
Opening shareholders' deficit	(2,981)	(2,316)
<b>Closing shareholders' deficit</b>	<b>(4,041)</b>	<b>(2,981)</b>

## 22 Reconciliation of net cash flow to movement in net debt

	2005		2004	
	£'000	£'000	£'000	£'000
(Decrease)/increase in cash in the year	(380)		181	
Cash outflow from decrease in debt and lease financing	723		250	
Changes in net debt resulting from cash flows		343		431
Exchange differences		(18)		(39)
New finance and hire purchase leases		(477)		(266)
Interest accrual moved to creditors		386		-
Accrual for finance cost of debt		(2,161)		(1,731)
<b>Movement in net debt in the year</b>		<b>(1,927)</b>		<b>(1,605)</b>
Net debt at 1 January		(22,137)		(20,532)
<b>Net debt at 31 December</b>		<b>24,064</b>		<b>(22,137)</b>

## 23 Analysis of net debt

	At 1 January 2005 £'000	Cash flow £'000	Other non cash changes £'000	Exchange differences £'000	At 31 December 2005 £'000
Cash at bank and in hand	632	172	-	31	835
Overdraft	(420)	(552)	-	11	(961)
	212	(380)	-	42	(126)
Debt due after one year	(13,785)	-	(8,553)	-	(22,338)
Debt due within one year	(8,339)	580	6,778	(60)	(1,041)
Finance and hire purchase leases	(225)	143	(477)	-	(559)
	(22,349)	723	(2,638)	(60)	(23,938)
<b>Total</b>	<b>(22,137)</b>	<b>343</b>	<b>(2,638)</b>	<b>(18)</b>	<b>(24,064)</b>

## 24 Contingent liabilities

Cross guarantees exist in respect of bank loans and overdrafts in other group companies. At 31 December 2005 bank loans and overdrafts in other group companies amounted to £8,231,000 (2004 £8,259,000).

## 25 Post balance sheet events

On November 27<sup>th</sup> 2007 the Group completed a refinancing of its bank facilities with a new lender. The new facility has a maximum limit of £8,944 million and comprises an asset based package of lending facilities including variable interest rate term loans repayable over periods up to 5 years, together with a revolving credit facility. Proceeds of the refinancing have gone to repay all loans outstanding with the Group's former senior bank lender and to finance working capital.

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The effect of the changes enacted in the Finance Act 2007 would be to reduce the deferred tax liability provided at 31 December 2005 by £285. This decrease in the deferred tax liability is due to the reduction in the corporation tax rate from 30 per cent to 28 per cent with effect from 1 April 2008.

## 26 Financial commitments

At 31 December 2005, the group had annual commitments under non-cancellable operating leases expiring as follows

	2005		2004	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	-	6	-	18
Expiring between two and five years inclusive	90	61	-	49
Expiring in over five years	293	-	292	-
	<b>383</b>	<b>67</b>	<b>292</b>	<b>67</b>

At 31 December 2005, the group had capital commitments as follows

	2005	2004
	£'000	£'000
Contracts placed for future capital expenditure not provided in the financial statements	406	439

The company had no capital or annual commitments under non-cancellable operating leases at 31 December 2005 (2004 nil)

## 27 Ultimate controlling party and related party disclosures

The directors regard CVC European Equity Partners LP as the ultimate controlling party

In 1997, CVC European Equity Partners LP made a loan of £3,849,500 to the company. This loan was repayable on 9 May 2006 and bears interest at 14% per annum. The loan stock is subordinated to the bank loans and CVC European Equity Partners LP indicated that redemption would not be sought in 2006. Accordingly the loan notes have been presented as repayable within the maturity profile shown in Note 16. The total interest charged to the company profit and loss account during the year was £1,478,545 (2004 £1,304,446). At 31 December 2005, the amount due to CVC European Equity Partners LP was £11,965,868 (2004 £10,476,474).

In 1997, CVC European Equity Partners LP made a loan of £5,151,275 to the group. This loan was originally repayable on 9 May 2006 and bears interest at 14% per annum. The loan stock is subordinated to the bank loans and CVC European Equity Partners LP indicated that redemption would not be sought in 2006. Accordingly the loan notes have been presented as repayable within the maturity profile shown in Note 16. The total interest charged to the group profit and loss account during the year was £1,941,751 (2004 £1,710,767). At 31 December 2005, the amount due to CVC European Equity Partners LP was £15,737,689 (2004 £13,785,091).

At 31 December 2005 Debtors includes £15,000 (2004 £10,000) in respect of outstanding loans made to directors of the group or company. This total is made up of £5,000 payable by FJ Lumb (2004 £5,000), £5,000 payable by D Inglut (2004 £5,000) and £5,000 payable by C Beckett (2004 £nil). All loans are interest-free with no fixed repayment date.