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AS Fire and Rescue Equipment Limited

Annual Report and Accounts

Year Ended 31 March 2006

Registered Number 4840869

AS FIRE AND RESCUE EQUIPMENT LIMITED

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Directors: Tim Wightman (Non-Executive Chairman)
David Chisnall OBE (Non-Executive Deputy Chairman)
Tony O'Neill (Director)
Tim O'Connor (Finance Director)
Adrian Bradshaw (Non-Executive Director)

Secretary: Tim O'Connor

Registered Office

Commercial Road
Totton
Southampton
Hants SO40 3AE

Tel: 023 80861966
Fax: 023 80872757

Registered in England: 4840869

A S FIRE AND RESCUE EQUIPMENT LIMITED

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for year ended 31 March 2006.

Principal activity

The Company's principal activity is the design, manufacture, repair and marketing of ladders and other fire fighting equipment.

The Board

The Board consists of one Executive Director and three Non-Executive Directors:

Tim Wightman, Non-Executive Chairman

David Chisnall OBE, Non-Executive Deputy Chairman

Adrian Bradshaw, Non-Executive Director

Tim O'Connor, Finance Director

(Appointed 1st September 2005)

Adrian Jones

(Resigned 19th September 2005)

No Director held any beneficial interests in the ordinary shares of the Company. The interests of the Directors at 31 March 2006 in the shares of Asfare Group plc, the ultimate holding company, are disclosed in the financial statements of that company.

Principle Risks and Uncertainties

The Company continuously monitors the business and markets it operates in, in order to deal with any significant risks or uncertainties arising. The main risks to the Group are related to the market demand, competition and external factors. By pursuing a policy of careful and regular monitoring of the market and competition and being pro-active within the governing industry bodies the Group attempts to minimise its risks in this area. The financial related risks are identified in note 28 of the accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;

- make judgments and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

A S FIRE AND RESCUE EQUIPMENT LIMITED

DIRECTORS' REPORT

there is no relevant audit information of which the company's auditors are unaware; and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors' are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

In accordance with section 385 of the Companies Act 1985, Grant Thornton UK LLP offer themselves for reappointment as auditors of the Company.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

ON BEHALF OF THE BOARD



Tim O'Connor
24th January 2007

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF A S FIRE AND RESCUE EQUIPMENT LIMITED

We have audited the financial statements of A S Fire and Rescue Equipment Limited for the year ended 31 March 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2006.

Grant Thornton UK LLP

26.01.07

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
PORTSMOUTH

A S FIRE AND RESCUE EQUIPMENT LIMITED

PROFIT AND LOSS ACCOUNT

	Note	Year Ended 31 March 2006 £	Year Ended 31 March 2005 £
Turnover	2	4,092,894	3,924,417
Cost of sales		1,785,369	1,847,573
Gross profit		2,307,525	2,076,844
Administrative expenses		2,230,924	2,144,490
Goodwill amortisation	8	147,288	147,289
Operating (loss)		(70,687)	(214,935)
Interest receivable	4	5,726	2,777
(Loss) on ordinary activities before taxation	3	(64,961)	(212,158)
Tax on ordinary activities	7	4,445	(9,423)
Retained (loss) for the financial period		(69,406)	(202,735)

All operations are classed as continuing.

The Company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 6 to 16 form part of these financial statements

A S FIRE AND RESCUE EQUIPMENT LIMITED

BALANCE SHEET

At 31 March

	Note	2006 £	2005 £
FIXED ASSETS			
Intangible assets – purchased goodwill	8	2,614,389	2,761,677
Tangible assets	9	125,046	131,250
Investments	10	927,658	927,658
		<u>3,667,093</u>	<u>3,820,585</u>
CURRENT ASSETS			
Stock and work in progress	11	482,689	506,044
Debtors	12	977,158	1,051,631
Cash at bank and in hand		28,436	167,202
		<u>1,488,283</u>	<u>1,724,877</u>
CREDITORS: amounts falling due within one year	13	5,178,060	5,498,740
NET CURRENT LIABILITIES		<u>3,689,777</u>	<u>3,773,863</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(22,684)</u>	<u>46,722</u>
CAPITAL AND RESERVES			
Called up share capital	14	1	1
Profit and loss account	15	(22,685)	46,721
EQUITY SHAREHOLDERS' FUNDS		<u>(22,684)</u>	<u>46,722</u>

The financial statements were approved by the Board of Directors on 24th January 2007.



Tim O'Connor

Director

A S FIRE AND RESCUE EQUIPMENT LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

BASIS OF PREPARATION

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt from producing consolidated accounts under s229 of the Companies Act 1985, as it is a wholly owned subsidiary of Asfare Group plc, and consolidated accounts for Asfare Group plc are available publicly.

These accounts present information about AS Fire and Rescue Equipment Limited, as an individual entity and not as a group of companies.

GOODWILL

Goodwill represents the excess of cost of acquisition over the fair value of separable net assets acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful economic life. This is estimated at 20 years.

INVESTMENTS

Investments held as fixed assets are stated at cost less any provision for impairment in value.

TURNOVER

Turnover represents net goods and services invoiced to customers during the year, less returns, and excluding Value Added Tax. Where invoices are raised in advance of goods being supplied the income is deferred until the goods are made available to the customer.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided on a straight line basis at the following annual rates which are relative to their estimated useful lives:

Short-term leasehold properties	Over term of the lease
Other tangible fixed assets	15 -33 ½ %

STOCKS

Stock and work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. The cost of products manufactured consists of direct materials and labour costs, together with the relevant production overheads. Cost is calculated using the first-in, first-out method.

DEFERRED TAXATION

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

LEASED ASSETS

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

A S FIRE AND RESCUE EQUIPMENT LIMITED

NOTES TO THE ACCOUNTS

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year in which it is incurred.

PENSION SCHEME

Asfare Group plc, the Company's ultimate holding company, operates a defined contribution scheme. The assets of the scheme are held separately to those of the Company. Contributions by the Company are charged to the profit and loss account as they become payable.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

2 ANALYSIS OF TURNOVER

By Geographical Market	Year Ended		Year Ended	
	31 March		31 March	
	2006		2005	
	£	%	£	%
UK	3,396,423	83	3,287,688	84
Rest of World	696,471	17	636,729	16
	<u>4,092,894</u>	<u>100</u>	<u>3,924,417</u>	<u>100</u>

A S FIRE AND RESCUE EQUIPMENT LIMITED

NOTES TO THE ACCOUNTS

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting)	Year Ended 31 March 2006 £	Year Ended 31 March 2005 £
Research & Development current year	20,568	20,745
Operating leases : land & buildings	133,392	137,535
Operating leases : plant & machinery	3,028	3,028
Amortisation of goodwill	147,288	147,289
Depreciation of tangible fixed assets	53,114	48,379
(Profit)/loss on foreign exchange	(3,857)	1,623
Profit on sale of assets	-	(1,376)
Auditor remuneration - Audit fees	10,680	12,000
Auditor remuneration - Other fees	1,200	1,418

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME.

	Year ended 31 March 2006 £	Year ended 31 March 2005 £
Interest received	5,726	2,777

5 REMUNERATION OF DIRECTORS

	Year Ended 31 March 2006 £	Year Ended 31 March 2005 £
Directors' emoluments	-	-
Company contribution to pension scheme	-	-
	-	-

During the year no director (2005: one director) participated in the defined contribution pension scheme.
Directors' remuneration is paid by the Company's ultimate parent company Asfare Group plc.

A S FIRE AND RESCUE EQUIPMENT LIMITED

NOTES TO THE ACCOUNTS

6 STAFF NUMBERS AND COSTS

The average number of employees of the Group (including Executive and Non-Executive Directors) during the year analysed by category were as follows:

	Year Ended 31 March 2006 Number	Year Ended 31 March 2005 Number
Manufacturing	31	35
Sales and marketing	3	3
Administration	11	11
	<u>45</u>	<u>49</u>

The aggregate payroll costs of these employees were as follows:

	Year Ended 31 March 2006 £	Year Ended 31 March 2005 £
Wages and salaries	986,131	963,021
Social security costs	99,091	93,905
Pension costs	69,660	60,677
	<u>1,154,882</u>	<u>1,117,603</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year Ended 31 March 2006 £	Year Ended 31 March 2005 £
Current tax		
Tax on profits for the period	-	-
Adjustment in respect of previous periods	4,445	(9,423)
	<u>4,445</u>	<u>(9,423)</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous periods	-	-
	<u>-</u>	<u>-</u>
Taxation on profits on ordinary activities	<u>4,445</u>	<u>(9,423)</u>

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

A S FIRE AND RESCUE EQUIPMENT LIMITED

NOTES TO THE ACCOUNTS

	Year Ended 31 March 2006 £	Year Ended 31 March 2005 £
Loss on ordinary activities before tax	(64,961)	(212,158)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(19,488)	(63,647)
<i>Effect of:</i>		
Expenses not deductible for tax purposes	44,210	47,992
Utilisation of tax losses	(26,282)	16,254
Capital allowances for the period in excess of depreciation	2,512	(599)
Marginal Relief	(952)	-
Adjustments to tax charge in respect of prior years	4,445	(9,423)
Current tax charge for the period	<u>4,445</u>	<u>(9,423)</u>

8 INTANGIBLE FIXED ASSETS

	Purchased Goodwill £
<i>Cost</i>	
At 1 st April 2005 and 31 st March 2006	<u>2,945,788</u>
<i>Provision for amortisation</i>	
At 1 st April 2005	184,111
Charge for the year	147,288
At 31 st March 2006	<u>331,399</u>
<i>Net book value</i>	
At 1 st April 2005	<u>2,761,677</u>
At 31 March 2006	<u>2,614,389</u>

The Directors believe the benefits to be derived from having acquired Speed 5019 Limited will continue for a period of not less than 20 years and accordingly the Directors are amortising goodwill over a period of 20 years.

A S FIRE AND RESCUE EQUIPMENT LIMITED

NOTES TO THE ACCOUNTS

9 TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Computer Equipment £	Office Equipment £	Plant & Equipment £	Vehicles £	Total £
Cost						
At 31 March 2005	23,066	47,602	65,887	186,844	34,600	357,999
Additions		6,399	2,999	37,512		46,910
Disposals		(2,199)	(8,224)	(3,178)		(13,601)
At 31 March 2006	<u>23,066</u>	<u>51,802</u>	<u>60,662</u>	<u>221,178</u>	<u>34,600</u>	<u>391,308</u>
Depreciation						
At 31 March 2005	8,984	34,717	38,449	120,187	24,412	226,749
Charge for the year	1,731	9,110	8,421	25,093	4,523	48,878
Disposals		(1,942)	(5,522)	(1,901)		(9,365)
At 31 March 2006	<u>10,715</u>	<u>41,885</u>	<u>41,348</u>	<u>143,379</u>	<u>28,935</u>	<u>266,262</u>
Net book value						
At 31 March 2005	<u>14,082</u>	<u>12,885</u>	<u>27,438</u>	<u>66,657</u>	<u>10,188</u>	<u>131,250</u>
At 31 March 2006	<u><u>12,351</u></u>	<u><u>9,917</u></u>	<u><u>19,314</u></u>	<u><u>77,799</u></u>	<u><u>5,665</u></u>	<u><u>125,046</u></u>

A S FIRE AND RESCUE EQUIPMENT LIMITED

NOTES TO THE ACCOUNTS

10 INVESTMENTS

Cost and Net Book Value

£

At 1 April 2005 and 31 March 2006

927,658

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights Held</i>	<i>Nature of business</i>
Speed 5019 Limited	Ordinary shares	100%	Dormant
Fire Guns Ltd *	Ordinary shares	100%	Dormant
Asfare No.1 Ltd *	Ordinary shares	100%	Dormant
Sacol Group 1990 Ltd *	Ordinary shares	100%	Dormant
AS America Inc **	Common stock	100%	Royalty payments of shutter sales
AS Security BV***	Ordinary shares	100%	Sales

* Held by a subsidiary undertaking

** Incorporated in USA

*** Incorporated in Netherlands

11 STOCKS AND WORK IN PROGRESS

	<u>2006</u>	<u>2005</u>
	£	£
Work in progress	8,138	2,433
Raw materials and finished goods	<u>474,551</u>	<u>503,611</u>
	<u>482,689</u>	<u>506,044</u>

12 DEBTORS

	<u>2006</u>	<u>2005</u>
	£	£
Trade debtors	687,050	833,361
Amounts owed by subsidiary undertakings	208,822	146,156
Other debtors	1,445	2,826
Prepayments and accrued income	<u>79,841</u>	<u>69,288</u>
	<u>977,158</u>	<u>1,051,631</u>

A S FIRE AND RESCUE EQUIPMENT LIMITED **NOTES TO THE ACCOUNTS**

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade creditors	355,418	325,896
Amounts due to subsidiary undertakings	4,578,662	4,940,525
Social security and other taxes	160,440	165,913
Other creditors	10,272	1,561
Accruals	73,268	64,845
Corporation tax	-	-
	<u>5,178,060</u>	<u>5,498,740</u>

14 SHARE CAPITAL

	Nominal Value	Authorised Number	Authorised £	Allotted Number	Allotted £
At 31 March 2006	Ordinary £1.00	1,000	1,000	1	<u>1</u>

15 RESERVES

	Profit and Loss Account £
At 31 March 2005	46,721
Retained loss for the year	<u>(69,406)</u>
At 31 March 2006	<u>(22,685)</u>

16 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	£
Equity shareholders' funds at 31 March 2005	46,721
Retained loss for the year	<u>(69,406)</u>
Equity shareholders' funds at 31 March 2006	<u>(22,685)</u>

A S FIRE AND RESCUE EQUIPMENT LIMITED **NOTES TO THE ACCOUNTS**

17 OPERATING LEASE COMMITMENTS

At 31 March 2006 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings		Others	
	2006	2005	2006	2005
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	-	-	-
Within 2 to 5 years	-	-	3,028	3,028
In 5 years or more	140,000	140,000	-	-
	140,000	140,000	3,028	3,028

18 PENSION SCHEME

Asfare Group plc operates a defined contribution pension scheme. The assets of the scheme are held separately to those of the Company. The pension cost charge for the year represents contributions payable by the Company amounting to £68,971 (2005: £60,667).

19 CONTROLLING PARTY

The Company is controlled by Asfare Group plc, the Company's ultimate parent company. The financial statements of Asfare Group plc can be obtained on request from Tim O'Connor at Commercial Road, Totton, Southampton, Hampshire SO40 3AE. As a wholly owned subsidiary included in consolidated accounts which are publicly available, the Company has taken advantage of the exemption in FRS 8, Related Parties, not to disclose transactions with other group companies.

20 CONTINGENT LIABILITIES

The Company has entered into an unlimited guarantee regarding the bank borrowings of its holding company and of its fellow subsidiaries, Asfare Group plc. HSBC Bank plc has a fixed and floating charge over the Company's assets. At 31 March 2006 the borrowings of the Group amounted to £1,830,000 (2005: £900,000).