# SPX Air Filtration Limited
# (formerly Ever 2208 Limited)

# ANNUAL REPORT

# 2004



Company registration 4928454

# REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of the company and of the group for the period from 11 October 2003 to 31 December 2004. During the period the company changed its accounting reference date from 9 October to 31 December.

**Business review**
The company was incorporated on 11 October 2003 and changed its name from Ever 2208 Limited to SPX Air Filtration Limited on 18 November 2003.

On 20 January 2004 the company acquired the entire share capital of McLeod Russel Holdings plc which changed its name to SPX Air Treatment Holdings plc on 12 August 2004.

Following on from the restructuring activity in the year the directors expect that the group will reduce costs and improve its profitability. The disposal and closure of non-core activities will also allow the directors to focus on the core air filtration business. The group continues to invest in research and development in order to improve the quality of the products.

**Principal activities**
SPX Air Filtration Limited is a holding company for a group of companies operating principally in the manufacture and supply of air and liquid filtration products.

**Events after the balance sheet date**
After the year end the following events occurred, the group closed the Kennedy Wagstaff business in April 2005, sold the Cudd Bentley business in July 2005, sold Vokes Limited in July 2005 and sold the Javelin business in March 2006.

**Results and dividends**
The consolidated profit and loss account is set out on page 6 and the loss before taxation amounted to £21,475,000. The directors do not recommend payment of a final dividend. There is a retained loss for the period of £22,252,000.

**Directors**
The following directors held office during the period and thereafter (unless otherwise stated):

| | | |
|---|---|---|
| Everdirector Limited | appointed 10 October 2003 | resigned 18 November 2003 |
| WC Griffiths | appointed 18 November 2003 | resigned 31 July 2004 |
| CJ Kearney | appointed 5 August 2004 | resigned 11 April 2005 |
| RJ Cotton | appointed 5 August 2004 | resigned 1 April 2005 |
| PJ O'Leary | appointed 5 August 2004 | |
| RB Bricker | appointed 11 April 2005 | resigned 1 January 2006 |
| JW Ferguson | appointed 18 November 2003 | resigned 1 January 2005 |
| FFR Rasetti | appointed 18 November 2003 | resigned 15 August 2005 |
| MA Reilly | appointed 18 February 2005 | |
| AMJ Fitchford | appointed 9 August 2005 | resigned 14 October 2005 |
| CA Walker | appointed 22 November 2005 | resigned 26 April 2006 |
| KL Lilly | appointed 1 January 2006 | |

# REPORT OF THE DIRECTORS

**Directors' interests**
None of the directors had a beneficial interest in the shares of the company at any time during the period. The interest of the directors in the parent company, SPX Corporation, are disclosed in the financial statements of that company.

**Employee involvement**
Each group company has evolved its own arrangements for providing information to its employees. The methods of communication and consultation employed have been adopted to suit the particular needs of the business concerned.

**Charitable and political contributions**
During the period under review the group made donations in the United Kingdom for charitable purposes amounting to £100. The group made no political donations.

**Disabled employees**
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

**Creditor payment policy**
It is the policy of the individual companies within the group to negotiate appropriate settlement terms with suppliers at the outset of any transaction. Payments to suppliers are then made in accordance with such terms provided that the supplier performs in accordance with the agreed obligations. At the end of the year under review, trade creditors of the group were owed the equivalent of 30 days total invoices received for the year as a whole. It is not meaningful to disclose a similar statistic for the company since it does not trade in its own right.

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

a) select suitable accounting policies and then apply them consistently;
b) make judgments and estimates that are reasonable and prudent;
c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
d) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

# REPORT OF THE DIRECTORS

**Statement of directors' responsibilities (continued)**
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 them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**
During the period, Deloitte & Touche LLP were appointed to fill a casual vacancy as the first auditors of the company. A resolution to reappoint Deloitte & Touche LLP as the Company's auditor will be put to the members at the Annual General Meeting.

By order of the Board

Kevin L Lilly

**Kevin L Lilly**
*Secretary*
Farrington Road
Burnley
Lancashire
BB11 5SY

July 21, 2006

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPX AIR FILTRATION LIMITED

We have audited the financial statements of SPX Air Filtration Limited for the period from 11 October 2003 to 31 December 2004, which comprise the consolidated profit and loss account, the balance sheets, the consolidated statement of total recognised gains and losses, the consolidated reconciliation of shareholders' funds, the principal accounting policies and the related notes numbered 1 to 24. 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**
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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 and other members of the group is not disclosed.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**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 circumstances of the company and the group, 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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPX AIR FILTRATION LIMITED (continued)

**Opinion**
In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2004 and of the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

**Deloitte & Touche LLP**
Chartered Accountants and Registered Auditors
Birmingham

3 August 2006

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

*for the period from 11 October 2003 to 31 December 2004*

| | Notes | 2004<br>Acquisitions<br><br>£000 |
|---|---|---|
| **Turnover** | 1 | 64,303 |
| Cost of sales | | (41,529) |
| **Gross profit** | | 22,774 |
| Distribution costs | | (10,606) |
| Administrative expenses before operating exceptional items | | (12,455) |
| Operating exceptional items – goodwill impairment | 9 | (14,333) |
| Administrative expenses | | (26,788) |
| **Operating loss** | 1 | (14,620) |
| *Income from fixed asset investments* | | 54 |
| Exceptional items - | 2 | |
| Reorganisation & restructuring costs | | (4,554) |
| Profit on disposal of fixed assets | | 37 |
| **Loss before interest** | | (19,083) |
| Interest receivable | 4 | 64 |
| Interest payable and similar charges | 5 | (2,456) |
| **Loss on ordinary activities before taxation** | 3 | (21,475) |
| Taxation on loss on ordinary activities | 6 | (777) |
| **Retained loss for the financial period** | 18 | (22,252) |

The notes 1 to 24 form part of these financial statements. Movements on reserves are set out in note 18. There is no difference between the result as stated above and the result as stated on an historical cost basis.

# BALANCE SHEETS

*31 December 2004*

| | Notes | 2004 Group | 2004 Company |
|---|---|---|---|
| | | **£000** | £000 |
| **Fixed assets** | | | |
| Intangible assets | 9 | **18,450** | - |
| Tangible assets | 10 | **8,753** | - |
| Investments | 11 | **187** | 16,669 |
| | | **27,390** | 16,669 |
| **Current assets** | | | |
| Stocks | 12 | **7,092** | - |
| Debtors | 13 | **12,230** | 18,726 |
| Cash at bank and in hand | | **7,827** | - |
| | | **27,149** | 18,726 |
| **Creditors**: amounts falling due within one year | 14 | **(45,786)** | (21,833) |
| **Net current liabilities** | | **(18,637)** | (3,107) |
| **Total assets less current liabilities** | | **8,753** | 13,562 |
| **Creditors**: amounts falling due after more than one year | 15 | **(278)** | - |
| **Provisions for liabilities and charges** | 16 | **(17,514)** | - |
| **Net (liabilities) / assets** | | **(9,039)** | 13,562 |
| Financed by | | | |
| **Capital and reserves** | | | |
| Called up share capital | 17 | **13,000** | 13,000 |
| Other reserves | 18 | **213** | - |
| Profit and loss account | 18 | **(22,252)** | 562 |
| **Equity shareholders' (deficit) / funds** | | **(9,039)** | 13,562 |

Approved by the board of directors on July 21, 2006 and signed on its behalf by:

**Michael A Reilly**
**Director**

# CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

*for the period ended 31 December 2004*

| | Notes | 2004<br>£000 |
|---|---|---|
| Loss for the financial period | | (22,252) |
| Currency translation difference on foreign currency net investments | 18 | 213 |
| **Total recognised gains and losses for the financial period** | | **(22,039)** |

# CONSOLIDATED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS'S FUNDS

*for the period ended 31 December 2004*

| | Notes | 2004<br>£000 |
|---|---|---|
| Loss for the financial period | | (22,252) |
| New share capital | | 13,000 |
| Other recognised gains and losses relating to the period (net) | 18 | 213 |
| Net increase in shareholders' deficit | | (9,039) |
| **Closing shareholders' deficit** | | **(9,039)** |

# PRINCIPAL ACCOUNTING POLICIES

**Accounting convention**
The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

**Basis of consolidation**
The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

**Intangible assets - goodwill**
Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is twenty years. Provision is made for any impairment.

**Intangible assets - research and development**
Research and development expenditure is written off as incurred.

**Tangible fixed assets**
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

| | |
|---|---|
| Leasehold land | over period of lease |
| Buildings | between 2% and 10% per annum |
| Plant and machinery | between 5% and 25% per annum |
| Fixtures, fittings and equipment | between 10% and 25% per annum |

**Investments**
The parent company is an investment holding company. All listed fixed asset investments are stated on an individual basis at cost. All other unlisted investments are valued at the lower of cost and directors' valuation. In the group financial statements those investments held for the long term are classified as fixed asset investments and others as current assets. The group's share of the income from these investments is included in the profit and loss account only to the extent of the dividends received.

**Stocks**
Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

# PRINCIPAL ACCOUNTING POLICIES

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates 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 has been entered into by the subsidiary or associate.

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 a non-discounted basis.

**Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

**Pension costs**

The cost of the company's defined benefit pension schemes are charged to the profit and loss account in accordance with actuarial advice, so as to spread the cost of pensions over the service lives of employees. Actuarial surpluses and deficits are spread forward over the average remaining service lives of employees.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

# PRINCIPAL ACCOUNTING POLICIES

**Foreign currency**
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets, results of overseas operations and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

**Leases**
Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

**Cash Flow Statement**
Under FRS1 (Revised) the group is exempt from the requirements to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary company and a group cash flow statement is included in the financial statements of the ultimate holding company.

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

| **1. Class of business** | 2004 Turnover £000 | 2004 Operating loss £000 | 2004 Capital employed £000 |
|---|---|---|---|
| Air filtration | 49,178 | 1,697 | 40,039 |
| Liquid filtration | 5,599 | 896 | 444 |
| Other ongoing activities | 9,526 | 790 | (257) |
| Ongoing activities before central costs, goodwill amortisation and exceptional items | 64,303 | 3,383 | 40,226 |
| Central costs | - | (2,050) | (49,265) |
| Total before goodwill amortisation and exceptional items | 64,303 | 1,333 | (9,039) |
| Goodwill amortisation | - | (1,620) | - |
| Goodwill impairment | - | (14,333) | - |
| **As reported** | **64,303** | **(14,620)** | **(9,039)** |

| **Geographical analysis by destination** | |
|---|---|
| United Kingdom | 15,020 |
| Rest of Europe | 45,018 |
| North America | 1,274 |
| Rest of World | 2,991 |
| | **64,303** |

All activities relate to acquired operations. As the Group's operations are all located in Europe, which is considered to be substantially one homogenous market, a geographic segmental breakdown of operating profit and capital employed is not provided.

**2. Exceptional items**

Exceptional items comprise:

| | 2004 £000 |
|---|---|
| Reorganisation and restructuring of manufacturing sites | 4,554 |
| Profit on disposal of fixed assets | (37) |

Following on from the SPX acquisition the French manufacturing plant was closed, manufacturing in Switzerland was transferred to Germany, the Seasonmaster business was closed and manufacturing in Vokes was sub contracted outside of the SPX Air Filtration group to Ireland.

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

**3. Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is arrived at after charging:

| | 2004<br>£000 |
|---|---|
| Depreciation of tangible fixed assets | 1,838 |
| Amortisation of goodwill | 1,620 |
| Impairment of goodwill | 14,333 |
| Operating lease rentals: | |
| Land and buildings | 1,436 |
| Plant and machinery | 643 |
| Auditor's remuneration - group: | |
| For audit services | 189 |
| For other work | 109 |
| And after crediting: | |
| Exchange differences | 34 |
| Rental income | 24 |

The auditors remuneration for the company has been borne by another group company during the period, SPX Air Treatment Holdings plc.

**4. Interest receivable and similar income**

| | 2004<br>£000 |
|---|---|
| On short term deposits | 60 |
| Other interest | 4 |
| | **64** |

**5. Interest payable and similar charges**

| | 2004<br>£000 |
|---|---|
| On bank loans and overdrafts | 1,259 |
| Discounting interest | 1,086 |
| On finance leases | 29 |
| Other interest | 82 |
| | **2,456** |

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

## 6. Taxation on loss on ordinary activities

| | 2004<br>£000 |
|---|---|
| The charge for taxation is based on the profits and distributions for the period: | |
| UK corporation tax at 30 % | - |
| Overseas taxation: on profits and distributions for the period | 771 |
| Total current taxation | 771 |
| Deferred tax: | |
| UK - origination/reversal of timing differences | 72 |
| Overseas - origination/reversal of timing differences | (66) |
| Total deferred taxation | 6 |
| **Total taxation on ordinary activities** | **777** |

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

| | 2004<br>£000 |
|---|---|
| *Current tax reconciliation* | |
| Loss on ordinary activities before tax | (21,475) |
| Current tax at 30% | (6,442) |
| *Effects of:* | |
| Expenses not deductible for tax purposes | 4,775 |
| Accelerated capital allowances and other timing differences | (102) |
| Non recoverable losses | 2,506 |
| Higher tax rates on overseas earnings | 34 |
| **Total current tax charge** | **771** |

*Factors that may affect future tax charges*

The Group has unrecognised tax losses in a number of the UK and overseas territories in which it operates for which deferred tax assets have only been provided where suitable profits against which the losses can be relieved are expected to arise in the forseeable future. To the extent that further profits are earned in the future in the relevant territories the tax rate will potentially be reduced as the losses are recognised.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

## 7. Profit for the financial period - parent company

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these accounts. Of the group loss for the financial period of £22,252,000, a profit of £562,000 is dealt with in the accounts of the parent company.

## 8. Employees and directors

| | 2004 UK | 2004 Overseas | 2004 Total |
|---|---|---|---|
| The average number of persons employed by the group during the period was: | | | |
| Air filtration | 130 | 553 | 683 |
| Liquid filtration | 88 | - | 88 |
| Other ongoing activities | 49 | 36 | 85 |
| **Total** | **267** | **589** | **856** |

The aggregate remuneration of group employees including directors was:

| | 2004 £000 |
|---|---|
| Wages and salaries | 19,426 |
| Social security costs | 3,176 |
| Pension costs | 1,074 |
| | **23,676** |

The aggregate directors' remuneration was:

| | 2004 £000 |
|---|---|
| Wages and salaries | 44 |
| Benefits in kind | 4 |
| Pension costs | 8 |
| | **56** |

The services of certain directors are provided by other group undertakings and no part of their remuneration is specifically attributable to their services to SPX Air Filtration Limited.

Benefits are accruing to no directors under a defined benefit scheme.

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

## 9. Intangible fixed assets

| | 2004 Goodwill £000 |
|---|---|
| **Group** | |
| *Cost* | |
| Arising on acquisitions and as at 31 December 2004 | 34,403 |
| *Amortisation* | |
| Charge for the period | 1,620 |
| Impairment charge | 14,333 |
| At 31 December 2004 | 15,953 |
| **Net book value at 31 December 2004** | **18,450** |

**Acquisition of subsidiary undertaking**

On 20 January 2004 the company purchased the entire share capital of McLeod Russel Holdings plc which changed its name to SPX Air Treatment Holdings plc on 12 August 2004 for a cash consideration of £16,669,000 under the acquisition method of accounting.

The table below sets out the book values and provisional fair values of the net assets acquired:

| | Book value | Fair value adjustments | | Fair value |
|---|---|---|---|---|
| | | Accounting policy | Other | |
| | £000 | £000 | £000 | £000 |
| Tangible fixed assets | 13,247 | (2,950) | 245 | 10,542 |
| Investments | 272 | - | (82) | 190 |
| Stocks | 7,575 | (381) | (599) | 6,595 |
| Debtors | 14,096 | (323) | (175) | 13,598 |
| Creditors | (15,394) | (307) | (572) | (16,273) |
| Taxation | 137 | - | (47) | 90 |
| Deferred taxation | (921) | - | - | (921) |
| Other provisions | (8,305) | (8,649) | (257) | (17,211) |
| Bank & other loans | (16,559) | - | - | (16,559) |
| Net cash | 2,718 | - | - | 2,718 |
| Finance lease creditors | (503) | - | - | (503) |
| Net liabilities | **(3,637)** | **(12,610)** | **(1,487)** | **(17,734)** |
| Goodwill | | | | 34,403 |
| Consideration | | | | **16,669** |

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

**9. Intangible fixed assets (continued)**

| | £000 |
|---|---|
| Satisfied by: | |
| Cash | 15,726 |
| Attributable costs | 943 |
| | **16,669** |

The fair value adjustments comprise the following principal items:

- write down in Swedish property following an external valuation;
- write down in asset values following physical verification;
- write off of stock following product rationalization;
- increase in bad debt provisions following a detailed review;
- provision for environmental reviews and rectification works; and
- increase in pension provisions.

An amount of £4,554,000 has been charged to the group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 21 January 2004 to 31 December 2004.

The latest published profit and loss account for SPX Air Treatment Holdings plc (formerly McLeod Russel Holdings plc) for the year ended 30 September 2003 and the profit and loss account as per the management accounts for the period 1 October 2003 to 20 January 2004, shown on the basis of the accounting policies of SPX Air Treatment Holdings plc (formerly McLeod Russel Holdings plc), are as follows:

| | Period ended 20 January 2004 £000 | Year ended 30 September 2003 £000 |
|---|---|---|
| Turnover | 20,095 | 73,380 |
| Cost of sales | (14,429) | (50,440) |
| Gross profit | 5,665 | 22,940 |
| Other operating expenses (net) | (12,188) | (30,478) |
| Operating loss | (6,523) | (7,538) |
| Exceptional items | (19,990) | (5,025) |
| Finance charges (net) | (652) | (1,821) |
| Loss on ordinary activities before taxation | **(27,165)** | **(14,384)** |

There were no recognised gains or losses other than the result for these periods.

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

**10. Tangible fixed assets**

| | 2004<br>Land and buildings<br>£000 | 2004<br>Plant and machinery<br>£000 | 2004<br>Fixtures, fittings and equipment<br>£000 | 2004<br>Assets under construction<br>£000 | 2004<br>Total<br>£000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| *Cost* | | | | | |
| Acquisition of businesses | 4,334 | 5,334 | 840 | 34 | 10,542 |
| Additions | 125 | 128 | 23 | 100 | 376 |
| Disposals | (309) | (230) | - | (2) | (541) |
| Reclassification | - | (194) | 194 | - | - |
| Exchange adjustments | 84 | 91 | 189 | 4 | 368 |
| At 31 December 2004 | 4,234 | 5,129 | 1,246 | 136 | 10,745 |
| **Depreciation** | | | | | |
| Charge for the period | 168 | 1,440 | 230 | - | 1,838 |
| Disposals | (2) | (28) | - | - | (30) |
| Exchange adjustments | 6 | 8 | 170 | - | 184 |
| At 31 December 2004 | 172 | 1,420 | 400 | - | 1,992 |
| **Net book value at 31 December 2004** | **4,062** | **3,709** | **846** | **136** | **8,753** |

Group tangible assets include assets held under finance leases as follows:

| | 2004<br>Net book value<br>£000 | 2004<br>Depreciation charge<br>£000 |
|---|---|---|
| Land and buildings | 475 | 10 |
| Plant and machinery | 23 | 10 |
| | **498** | **20** |

The net book value of land and buildings comprises:

| | 2004<br>£000 |
|---|---|
| Freehold | 3,587 |
| Long leasehold | 475 |
| | **4,062** |

Land and buildings includes land at cost of £18,000 which is not subject to depreciation. The company does not have any fixed assets.

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

## 11. Fixed asset investments

| | 2004<br>Other unlisted investments<br>£000 |
|---|---|
| **Group** | |
| *Cost* | |
| Acquisition of businesses | 190 |
| Disposals | (3) |
| At 31 December 2004 | 187 |
| *Provision* | |
| At 31 December 2004 | - |
| **Net book value at 31 December 2004** | **187** |

| **Company** | 2004<br>Subsidiary undertakings<br>£000 |
|---|---|
| *Cost* | |
| **Additions and as at 31 December 2004** | **16,669** |

The principal subsidiary undertakings are:

| *Subsidiary undertaking* | *Country of Incorporation* | *Principal Activity* |
|---|---|---|
| AIR FILTRATION: | | |
| Vokes-Air Limited | UK | Manufacture of air filtration products |
| Scandfilter International AB | Sweden | Manufacture of air filtration products |
| Atex Filter GmbH & Co OHG | Germany | Manufacture of air filtration products |
| Vokes-Air AG | Switzerland | Distribution of air filtration products |
| Vokes-Air SAS | France | Distribution of air filtration products |
| Vokes-Air SL | Spain | Distribution of air filtration products |
| Vokes-Air BV | Netherlands | Distribution of air filtration products |
| Vokes-Air GMBH | Austria | Distribution of air filtration products |
| Vokes-Air SRL | Italy | Distribution of air filtration products |
| | | |
| LIQUID FILTRATION: | | |
| Vokes Limited | UK | Distribution of liquid filtration products |
| | | |
| OTHER ACTIVITIES: | | |
| Eurogard BV | Netherlands | Coating of plastics |
| Javelin Water Engineering Limited | UK | Agricultural irrigation |
| Kennedy Wagstaff Limited | UK | Distribution of knitting machines |
| NESW 9 Limited (formerly Cudd Bentley Partnership Limited) | UK | Consultancy |

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

**11. Fixed asset investments (continued)**

All Subsidiaries are owned indirectly by SPX Air Filtration Limited. All holdings are of ordinary shares. All subsidiary companies are 100% owned by the group and are included within the group accounts.

Details of investments in which the group holds more than 10% of any class of share capital or more than 10% of the total issued share capital or more than 10% of the undertaking are given below:

| *Name of undertaking* | *Proportion of undertaking held %* | *Country of incorporation or registration and operation* | *Total net assets £000* | *Total profit after tax £000* |
|---|---|---|---|---|
| Rothley Temple Estates Limited | 21 | England | 674 | 25 |
| Keatfold Limited | 31 | England | 175 | 32 |
| Suotimet Oy | 12 | Finland | 682 | 147 |
| KSS GmbH | 50 | Germany | 138 | 13 |

The above figures are taken from the latest available audited accounts. These undertakings are not treated as associated undertakings because the group does not exercise significant influence over the commercial and financial policy of the undertakings.

**12. Stocks**

| | **2004 Group £000** | 2004 Company £000 |
|---|---|---|
| Raw materials and consumables | **2,799** | - |
| Work in progress | **1,374** | - |
| Finished goods | **2,919** | - |
| | **7,092** | - |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

**13. Debtors**: amounts falling due within one year

| | **2004 Group £000** | 2004 Company £000 |
|---|---|---|
| Trade debtors | **10,086** | - |
| Amounts owed by subsidiary undertakings | **-** | 18,726 |
| Taxation recoverable | **696** | - |
| Other debtors | **1,005** | - |
| Prepayments and accrued income | **443** | - |
| | **12,230** | 18,726 |

**14. Creditors**: amounts falling due within one year

| | **2004 Group £000** | 2004 Company £000 |
|---|---|---|
| Bank loans and overdrafts | **25,400** | 21,815 |
| Other loans | **60** | - |
| Trade creditors | **7,574** | - |
| Bills of exchange | **111** | - |
| Amounts due under finance leases (see note 20) | **283** | - |
| Taxation | **917** | 18 |
| Other taxation and social security | **1,482** | - |
| Other creditors | **3,076** | - |
| Accruals | **6,883** | - |
| | **45,786** | 21,833 |

The bank loans and overdrafts are secured by a group guarantee with SPX Corporation, the ultimate holding company.

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

**15. Creditors**: amounts falling due after more than one year

| | **2004 Group £000** | 2004 Company £000 |
|---|---|---|
| Amounts due under finance leases (see note 20) | **111** | - |
| Other creditors | **167** | - |
| | **278** | - |

**16. Provisions for liabilities and charges**

| | Other provisions £000 | Property provisions £000 | Deferred tax £000 | Pension provisions £000 | Total £000 |
|---|---|---|---|---|---|
| *Group* | | | | | |
| Acquisition of businesses | 173 | 3,587 | 921 | 13,451 | 18,132 |
| Utilised during the period | - | (198) | - | (1,627) | (1,825) |
| Discounting movements | - | 235 | - | 851 | 1,086 |
| Charge to profit and loss account | 61 | - | 6 | (3) | 64 |
| Exchange movements | - | - | 40 | 17 | 57 |
| **At 31 December 2004** | **234** | **3,624** | **967** | **12,689** | **17,514** |

The company has no provisions for liabilities and charges.

The property provision relates to ongoing lease commitments on either vacant properties or properties sublet by the Group where rental income is insufficient to cover head lease rents payable. The periods to which this relates vary between 6 and 12 years from the balance sheet date. The provision is based on the directors' assumptions concerning movements in such amounts and additionally, in the case of currently vacant properties, the anticipated period before a sub-lease is agreed.

In arriving at the provision anticipated future cash flows have been discounted at a rate of 6% per annum.

The pension provisions include the liability to fund the three UK defined benefit schemes, calculated in accordance with the latest funding schedule agreed with the Scheme trustees', discounted to take account of the time value of money. At 31 December 2004 a provision of £11,529,000 existed in this respect. In respect of the above schemes, information obtained from the scheme Actuary in respect of the Minimum Funding Requirement for the respective scheme has been utilised where appropriate to update valuations prepared on a tri-annual basis under SSAP 24. The periods to which this relates vary between 6 and 9 years from the balance sheet date. The balance of the pension provision in the balance sheet relates to the Group's unfunded German scheme and the obligation to make unfunded ex-gratia payments to former employees of Granyte Surface Coatings PLC and former employees of former interests in Indian tea plantations.

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

## 16. Provisions for liabilities and charges (continued)

The other provisions mainly relate to volume rebates, warranty provisions and litigation claims.

The amounts provided in respect of deferred taxation are as follows:

| | **2004 Group £000** | 2004 Company £000 |
|---|---|---|
| Excess of capital allowances over book depreciation | **230** | - |
| Swedish profit taxation deferral | **759** | - |
| Other timing differences | **(22)** | - |
| | **967** | - |

The unrecognised assets in respect of deferred taxation are as follows:

| | **2004 Group £000** | 2004 Company £000 |
|---|---|---|
| Excess of capital allowances over book depreciation | **571** | - |
| Other timing differences | **4,192** | - |
| Tax losses | **9,127** | - |
| | **13,890** | - |

## 17. Called up share capital

| | 2004 £000 |
|---|---|
| Authorised | |
| 13,000,001 ordinary shares of £1 each | **13,000** |
| Issued and fully paid | |
| 13,000,001 ordinary shares of £1 each | **13,000** |

On incorporation on 11 October 2003 1 ordinary £1 share was issued at par. During the period, on 20 January 2004 13,000,000 further ordinary £1 shares were issued at par.

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

**18. Reserves**

| | 2004<br>Foreign exchange reserves<br>£000 | 2004<br>Profit and loss account<br>£000 |
|---|---|---|
| *Group* | | |
| Exchange movements | 213 | - |
| Retained loss for the period | - | (22,252) |
| **At 31 December 2004** | **213** | **(22,252)** |

| | 2004<br>Profit and loss account<br>£000 |
|---|---|
| *Company* | |
| Retained profit for the period | 562 |
| **At 31 December 2004** | **562** |

The distribution of reserves by overseas subsidiary undertakings would be subject to withholding tax at rates applicable to each country. No deferred tax is recognised on the unremitted earnings of overseas subsidiaries. As in many cases the earnings are continually reinvested by the group, and as the group has no liability to additional taxation should such amounts be remitted due to the unavailability of double tax relief, no tax is expected to be payable on them in the foreseeable future.

**19. Capital commitments**

There were no capital commitments in either the group or company at 31 December 2004.

**20. Commitments under finance leases and hire purchase contracts**

| | 2004<br>*Group*<br>£000 |
|---|---|
| The maturity and future commitments under finance leases and hire purchase contracts are as follows: | |
| Total repayable within one year | 329 |
| Total repayable between one and five years | 232 |
| | 561 |
| Finance charges allocated to future periods | (167) |
| Net amount included in creditors | 394 |
| | |
| Amounts falling due within one year (see note 14) | 283 |
| Amounts falling due after one year (see note 15) | 111 |
| | **394** |

### 21. Operating lease commitments

| | 2004<br>*Group*<br>£000 |
|---|---|
| Commitments in respect of operating lease payments to be made in the next 12 months | |
| On leases expiring during the year: | |
| Land and buildings | 296 |
| Other operating leases | 124 |
| On leases expiring within 2 to 5 years inclusive: | |
| Land and buildings | 1,478 |
| Other operating leases | 380 |
| On leases expiring in more than 5 years: | |
| Land and buildings | 417 |
| Other operating leases | - |
| | **2,695** |

The company has no operating lease commitments.

### 22. Pensions

The Group operates a number of pension schemes in the United Kingdom with the assets of the schemes held in separate trustee administered funds. The principal scheme, open to all eligible employees, is a defined contribution Group personal pension plan. The Group also continues to fund three UK based defined benefit schemes, which have been closed to new members for several years. Almost all the members of such schemes are actual or deferred pensioners. The majority of overseas employees are also covered by defined contribution schemes.

The total basic pension cost for the group was £1,074,000, which includes £26,000 in respect of defined benefit schemes. The cost of the UK schemes was £350,000 and the charge for the overseas companies was £724,000. The pension cost of defined benefit schemes is assessed in accordance with the advice of qualified actuaries using various actuarial funding methods.

Actuarial assessments of the UK defined benefit schemes were carried out at dates between 1 August 2001 and 6 April 2004. The assumptions which have the most significant effect on the results of the valuations, given the closed nature of the schemes, are those relating to the rate of return on investments and the rate of increase in pensions. It was assumed that the investment return would be between 5.3% and 7.3% per annum, and that present and future pensions would increase by between 2.4% and 2.75% per annum.

**22. Pensions** *(continued)*

**UK schemes**

The Wheway Group Retirement Benefits Plan ("the Scheme") is a funded defined benefit pension scheme with assets held in separate trustee administered funds and is now closed to new entrants.

Contributions to the Scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives. The level of contributions in any year are determined in accordance with a valuation by a qualified actuary, the last valuation being on 1 August 2001. The valuation was performed using the projected unit method revealed a £5,422,000 deficit at the valuation date on a continuing basis. Wheway PLC has agreed a schedule of contributions with the scheme actuary so as to ensure compliance with the Pensions Act 1995. During the previous financial year the scheme actuary updated the schedule of contributions, as a result of which the company and trustees agreed to pay additional contributions.

Other details for the actuarial valuation are as follows:-

Key Assumptions

| | |
|---|---|
| Rate of investment return | 7.3% pre-retirement, 5.3% post retirement |
| Rate of earnings inflation | 4.4% |
| Rate of increase in pensions | 2.4% for LPI Pensions |
| Market value of scheme assets | £19,188,000 |
| Funding Level | 78% |
| MFR Funding level | 83% |

The most recent actuarial valuation for the Joseph Mason (1982) Pension & Life Assurance Scheme was at 6 April 2004. The valuation performed using the projected unit method revealed a £3,948,000 deficit at the valuation date on a continuing basis. The Employer contributions are being made at a rate determined by the Actuary calculated to eliminate the deficit over a reasonable period.

Other details for the actuarial valuation are as follows:-

Key Assumptions

| | |
|---|---|
| Rate of investment return | 7.0% pre-retirement, 5.5% post retirement |
| Rate of earnings inflation | 4.75% |
| Rate of increase in pensions | 2.75% for LPI Pensions |
| Market value of scheme assets | £11,524,000 |
| Funding Level | 74% |
| MFR Funding level | 87% |

**22. Pensions** *(continued)*

The group's third UK based defined benefit scheme was set up for a small number of employees following the acquisition of Vokes Limited in February 2000. No new members have been permitted into this scheme. The most recent actuarial valuation for the Vokes Retirement Benefits Scheme was at 6 April 2004. The valuation performed using the projected unit method revealed a £819,999 deficit at the valuation date on a continuing basis.

Other details for the actuarial valuation are as follows:-

Key Assumptions

| | |
|---|---|
| Rate of investment return | 7.0% pre-retirement, 5.5% post retirement |
| Rate of earnings inflation | 4.75% |
| Rate of increase in pensions | 2.75% for LPI Pensions |
| Market value of scheme assets | £2,648,000 |
| Funding Level | 76% |
| MFR Funding level | above 120% |

With effect from 1 April 2005, along with five other occupational pension schemes belonging to the larger SPX Group of companies, the Wheway and Vokes schemes merged into the Joseph Mason scheme, which was subsequently renamed the SPX UK Pension Plan. Contributions paid to the merged pension scheme are determined by the trustees and employers, after taking actuarial advice. The next valuation of the SPX UK Pension Plan is expected to be as at 6 April 2007.

In the UK the group also has the obligation to make unfunded ex-gratia payments to former employees of Granyte Surface Coatings PLC and former employees of former interests in Indian tea plantations.

**Overseas schemes**

There are two overseas schemes which are considered to fall under the definition of defined benefit schemes. First, in Germany, as part of the acquisition of the Luwa business in December 2000 the former McLeod Russel Group acquired an unfunded scheme, which has no assets, for which the actuarial calculated liability is provided for on the group balance sheet. This scheme has been closed to new members since its acquisition. The main assumptions used were discount rate 5% and salary increase rate nil%. The balance sheet provision at 31 December 2004 was £718,000 and the actual pension payments made during the year were £33,000. The amount charged to the profit and loss account was £34,000.

Second, Scandfilter AB, the group's Swedish subsidiary, contributes to a pension scheme managed by Alecta. This is a multi-employer scheme with in excess of 40,000 participating companies and Scandfilter is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Accordingly, the group profit and loss account is charged with the contributions made to the scheme as if it was a defined contribution scheme.

**22. Pensions** *(continued)*

**FRS17 disclosures**

Financial Reporting Standard 17 ('FRS17'), 'Retirement Benefits', was published in November 2000 and is effective for accounting periods ending on or after 22 June 2001. The fourth year of this transitional period, which applies to the group's year ended 31 December 2004, requires certain additional information to be disclosed, which is set out below in respect of the three major UK schemes; the Vokes scheme, the Wheway scheme and the Mason scheme. The figures given do not form part of the Group's Primary Statements and is a disclosure matter only. The date of the most recent actuarial valuation of each of the schemes is stated above. The valuations used for FRS 17 disclosures have been based on these actuarial valuations and updated by actuaries to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2004.

The principal actuarial assumptions used as at 31 December 2004 are as follows:

| | |
|---|---|
| Rate of increase in salaries | 4.00% |
| Rate of increase in actual and deferred pensions | 2.75% |
| Discount rate | 5.30% |
| Rate of inflation | 2.75% |

The assets and liabilities of the schemes and the expected rates of return on scheme assets are as follows:

| | Vokes scheme | | Wheway scheme | | Mason scheme | |
|---|---|---|---|---|---|---|
| | % | £000 | % | £000 | % | £000 |
| Equities | 8.25 | 2,690 | 8.25 | 11,898 | 8.25 | 8,032 |
| Bonds | 5.0 | 134 | 5.0 | 7,068 | 5.0 | 3,797 |
| Cash and other assets | 3.5 | 166 | 3.5 | 591 | 3.5 | 400 |
| Property | - | - | - | - | 6.65 | 275 |
| Market value of assets | | 2,990 | | 19,557 | | 12,504 |
| Actuarial value of liabilities | | (4,359) | | (32,157) | | (17,263) |
| Deficit in scheme | | (1,369) | | (12,600) | | (4,759) |
| Related deferred tax asset | | 411 | | 3,780 | | 1,428 |
| | | (958) | | (8,820) | | (3,331) |

**22. Pensions** *(continued)*

In addition, the Group operates the unfunded scheme in Germany referred to above, which had an actuarial calculated liability at 31 December 2004 of £718,000. The rate of increase in pensions assumed is 1% and inflation 1.25%. The group has also retained the obligation to make ongoing ex-gratia pension payments, on an unfunded basis, to former employees of Granyte Surface Coatings PLC following the disposal of that company in January 2001, and the liability for these payments is calculated at £198,000 as at 31 December 2004. In addition, the group has retained the obligation to make ex-gratia pension payments, on an unfunded basis, to former employees of a former interest in Indian tea plantations. The liability for these payments is calculated at £244,000 at 31 December 2004. All of these amounts are included within the Group's total pension provision of £12,689,000 at that date.

Movement in deficit during the period

| | German scheme £000 | Vokes scheme £000 | Wheway scheme £000 | Masons scheme £000 |
|---|---|---|---|---|
| Deficit acquired | (707) | (1,611) | (11,484) | (6,697) |
| Current service cost | - | (160) | (143) | (71) |
| Contributions paid | 33 | 121 | 959 | 665 |
| Settlements | - | 296 | - | - |
| Other finance cost | (34) | (32) | (321) | (156) |
| Actuarial gain/(loss) | 6 | 17 | (1,611) | 1,500 |
| Exchange difference | (16) | - | - | - |
| **Deficit in the scheme at end of period** | **(718)** | **(1,369)** | **(12,600)** | **(4,759)** |

All of the above schemes are closed to new members and therefore the age profile of the active membership is increasing. Consequently under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

**22. Pensions** *(continued)*

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

| Analysis of other pension costs charged in arriving at operating loss | German scheme £000 | Vokes scheme £000 | Wheway scheme £000 | Masons scheme £000 |
|---|---|---|---|---|
| Current service cost | **-** | **160** | **143** | **71** |

| Analysis of amounts included in other finance costs | German scheme £000 | Vokes scheme £000 | Wheway scheme £000 | Masons scheme £000 |
|---|---|---|---|---|
| Expected return on pension scheme assets | - | (178) | (1,235) | (808) |
| Interest on pension scheme liabilities | 34 | 210 | 1,556 | 964 |
| | **34** | **32** | **321** | **156** |

Analysis of amount which would be recognised in statement of total recognised gains and losses

| | German scheme £000 | Vokes scheme £000 | Wheway scheme £000 | Masons scheme £000 |
|---|---|---|---|---|
| Actual return less expected return on scheme assets | - | (195) | (695) | (307) |
| Percentage of year end scheme assets | - | 6.52% | 3.55% | 2.45% |
| Experience (gains)/losses arising on scheme liabilities | (22) | (61) | 1,002 | (1,816) |
| Percentage of present value of year end scheme liabilities | 3.06% | 1.39% | 3.12% | 10.52% |
| Changes in assumptions underlying the present value of scheme liabilities | 16 | 239 | 1,304 | 623 |
| Percentage of present value of year end scheme liabilities | 2.23% | 5.48% | 4.05% | 3.61% |
| **Actuarial (gain)/loss recognised in statement of total recognised gains and losses** | **(6)** | **(17)** | **1,611** | **(1,500)** |

# NOTES TO THE FINANCIAL STATEMENTS

*31 December 2004*

## 22. Pensions *(continued)*

| Reserves reconciliation | 2004<br>£000 |
|---|---|
| Profit and loss reserve as reported | (22,252) |
| SSAP24 pension provision in respect of UK schemes | 12,247 |
| Profit and loss reserve excluding pension provision | (10,005) |
| FRS17 deficit of Vokes, Mason, Wheway and German schemes | (19,446) |
| **Profit and loss reserve as revised** | **(29,451)** |

History of experience gains and losses

| | German scheme £000 | Vokes scheme £000 | Wheway scheme £000 | Masons scheme £000 |
|---|---|---|---|---|
| Difference between the actual and expected return on assets | - | (195) | (695) | (307) |
| Percentage of year end scheme assets | - | 6.52% | 3.55% | 2.45% |
| Experience (gains)/losses arising on scheme liabilities | (22) | (61) | 1,002 | (1,816) |
| Percentage of present value of year end scheme liabilities | 3.06% | 1.39% | 3.12% | 10.52% |
| Total amount recognised in STRGL | (6) | (17) | 1,611 | (1,500) |
| Percentage of present value of year end scheme liabilities | 0.84% | 0.39% | 5.01% | 8.69% |

## 23. Ultimate holding company and related party transactions

The company's ultimate holding company is SPX Corporation, incorporated in the United States. A copy of the group consolidated accounts can be obtained from 13515 Ballantyne Corporate Place, Charlotte, NC 28277, United States of America.

Related party transactions with other group members are not disclosed as 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available.

## 24. Events after the balance sheet date

After the year end the following events occurred, the group closed the Kennedy Wagstaff business in April 2005, sold the Cudd Bentley business in July 2005, sold Vokes Limited in July 2005 and sold the Javelin business in March 2006.