

GRAMPIAN TEST & CERTIFICATION LIMITED
(Company Number: 122818)

**DIRECTORS' REPORT AND
ABBREVIATED ACCOUNTS**

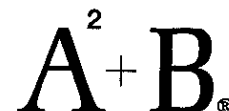
30 NOVEMBER 2003



SGT 80385X6C 1638
COMPANIES HOUSE 28/07/04

Anderson Anderson & Brown
Chartered Accountants

GRAMPIAN TEST & CERTIFICATION LIMITED
DIRECTORS' REPORT



Directors: A Gowing
C G Melville
S M Melville
G Middleton
P Dear – Non Executive

Secretaries: Iain Smith & Co

Registered office: 18-20 Queens Road, Aberdeen

The directors submit their report and the audited accounts of the company for the year ended 30 November 2003.

RESULTS AND DIVIDENDS

The profit for the year, amounting to £294,802 (2002 - £348,728), has been dealt with as shown in the profit and loss account. No dividends have been paid or proposed in the year (2002 - £nil).

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company is the testing, repair and maintenance of containers, lifting equipment, etc, and the manufacture of ancillary equipment.

The directors are pleased with the results for the year and are confident that profitability will continue in the coming year.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year ended 30 November 2003 were as noted above.

At 30 November 2003 the directors in office did not hold any beneficial interest in the share capital of the company, as defined by the Companies Act 1985.

The above directors are directors of the holding company, GTC Holdings Limited, and their interests in the share capital of that company are disclosed in its accounts.

AUDITORS

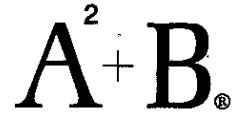
Anderson Anderson & Brown have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'Gordon Middleton', written in a cursive style.

Director

GRAMPIAN TEST & CERTIFICATION LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES



Company law requires the directors to prepare accounts 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 those accounts, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether or not applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and,
- (d) prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts 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.

**INDEPENDENT AUDITORS' REPORT TO
GRAMPIAN TEST & CERTIFICATION LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 4 to 15 together with the full accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 30 November 2003.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether or not the abbreviated accounts have been properly prepared in accordance with those provisions.

Basis of opinion

We have carried out the procedures we considered necessary to discharge our responsibilities set out above. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full accounts.

Opinion on the abbreviated accounts

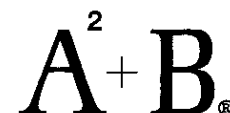
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 30 November 2003 and the abbreviated accounts on pages 4 to 15 have been properly prepared in accordance therewith.

Anderson Anderson Brown

Anderson Anderson & Brown
Chartered Accountants
Registered Auditors
Aberdeen

22 NOV 2004

GRAMPIAN TEST & CERTIFICATION LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2003



	Note	2003 £	2002 £
GROSS PROFIT		5,475,286	4,729,874
Operating costs	2	<u>4,978,391</u>	<u>4,173,887</u>
OPERATING PROFIT	3	496,895	555,987
Interest payable and similar charges	6	<u>38,909</u>	<u>20,151</u>
PROFIT BEFORE TAXATION		457,986	535,836
Taxation	7	<u>163,184</u>	<u>187,108</u>
PROFIT FOR FINANCIAL YEAR		<u>£ 294,802</u>	<u>£ 348,728</u>

The company has made no gains or losses other than as reported above.

Movements on reserves are as set out in Note 16.

GRAMPIAN TEST & CERTIFICATION LIMITED
ABBREVIATED BALANCE SHEET – 30 NOVEMBER 2003

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	Note	2003 £	2002 £
FIXED ASSETS			
Tangible fixed assets	8	<u>2,754,341</u>	<u>2,458,877</u>
CURRENT ASSETS			
Stocks and work in progress	9	2,858,021	1,439,364
Debtors	10	3,741,636	3,770,389
Cash at bank and in hand		<u>2,639</u>	<u>1,327</u>
		6,602,296	5,211,080
CREDITORS: amounts falling due within one year	11	<u>3,448,526</u>	<u>2,317,982</u>
NET CURRENT ASSETS		<u>3,153,770</u>	<u>2,893,098</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,908,111	5,351,975
CREDITORS: amounts falling due after more than one year	12	3,355,829	3,069,886
PROVISION FOR LIABILITIES AND CHARGES	14	<u>193,228</u>	<u>217,837</u>
		<u>£ 2,359,054</u>	<u>£ 2,064,252</u>
CAPITAL AND RESERVES			
Called up share capital	15	105,000	105,000
Capital redemption reserve	16	104,285	104,285
Profit and loss account	16	<u>2,149,769</u>	<u>1,854,967</u>
SHAREHOLDERS' FUNDS	16	<u>£ 2,359,054</u>	<u>£ 2,064,252</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium sized companies.

Signed on behalf of the board of directors

Gordon Middleton

Director – G Middleton

22 JUNE 2004 Date

GRAMPIAN TEST & CERTIFICATION LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2003

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	Note	2003 £	2002 £
Cash from operating activities	18	232,384	1,308,197
Returns on investments and servicing of finance	19	(38,909)	(20,151)
Taxation		(181,133)	(356,473)
Capital expenditure	19	(725,213)	(413,072)
		<u>(712,871)</u>	<u>518,501</u>
Financing – decrease in debt	19	(137,630)	(130,714)
(Decrease)/increase in cash in the year		<u>£ (850,501)</u>	<u>£ 387,787</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2003 £	2002 £
(Decrease)/increase in cash in the year		(850,501)	387,787
Cash outflow from decrease in lease financing		<u>137,630</u>	<u>130,714</u>
Change in net debt resulting from cash flows		(712,871)	518,501
New finance leases		<u>(244,242)</u>	<u>(121,481)</u>
Movement in net debt in year		(957,113)	397,020
Net debt at 30 November 2002		<u>(232,564)</u>	<u>(629,584)</u>
Net debt at 30 November 2003	20	<u>£ (1,189,677)</u>	<u>£ (232,564)</u>

1. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) *Depreciation*

The cost of fixed assets is written off by equal monthly instalments over their expected useful lives as follows:

Freehold buildings	5-20 years
Leasehold land and buildings	20 years
Plant and machinery	5-10 years
Computers, furniture and fittings	5-10 years
Motor vehicles	4-6 years

(c) *Stocks and work in progress*

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow-moving items. In the case of work in progress, cost comprises direct materials and labour.

(d) *Deferred taxation*

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

(e) *Hire purchase and lease commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

Rentals paid under operating leases are charged to income over the term of the lease.

1. ACCOUNTING POLICIES (continued)

(f) *Pensions*

The company operates and contributes towards defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

(g) *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

2. OPERATING COSTS

	2003 £	2002 £
Staff costs - salaries	712,154	636,386
- social security costs	72,506	76,129
- other pension costs	23,827	45,413
Depreciation - owned assets	598,339	491,607
- assets held under hire purchase and finance leases	96,600	66,071
Other operating charges	3,474,965	2,858,281
	<u>£ 4,978,391</u>	<u>£ 4,173,887</u>

3. OPERATING PROFIT *is stated after charging:*

	2003 £	2002 £
Auditors' remuneration	13,000	12,500
Operating lease - equipment	54,730	48,016
- land and buildings	184,199	175,392
	<u>251,929</u>	<u>335,908</u>

4. STAFF NUMBERS

The average number of persons employed by the company during the year, including the directors, was as follows:

	2003 No	2002 No
Management, administration and sales	29	28
Workshop	115	112
	<u>144</u>	<u>140</u>

Directors remuneration was paid by the holding company. The directors do not believe it is practicable to apportion these amounts between their services as directors of the company and their services as directors of the holding company.

5. DIRECTORS' REMUNERATION

Directors' remuneration was paid by the holding company. The directors do not believe it is practicable to apportion these amounts between their services as directors of the company and their services as directors of the holding company.

6. INTEREST PAYABLE

	2003 £	2002 £
Bank overdraft and factoring	25,725	1,053
Hire purchase and finance leases	13,184	15,946
Late payment of tax	-	3,152
	<u>£ 38,909</u>	<u>£ 20,151</u>

GRAMPIAN TEST & CERTIFICATION LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2003

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7. *TAXATION charge for the year comprises:*

	2003 £	2002 £
UK corporation tax	199,000	198,613
Transfer from deferred tax	(31,435)	(11,505)
	<u>167,565</u>	<u>187,108</u>
<i>Adjustments relating to prior years:</i>		
UK corporation tax	(11,207)	-
Deferred tax	6,826	-
	<u>£ 163,184</u>	<u>£ 187,108</u>

The tax charge for the year exceeds the amount which would be anticipated by applying the company's tax rate of 30% to its pre-tax profits because of costs of £61,000 not allowable for tax purposes.

8. **TANGIBLE FIXED ASSETS**

	Freehold buildings £	Leasehold land & buildings £	Plant & machinery £	Computers, furniture & fittings £	Motor vehicles £	Total £
COST						
At 1 December 2002	586,116	129,810	3,061,360	222,649	183,787	4,183,722
Additions	114,907	-	865,405	6,740	14,320	1,001,372
Disposals	-	-	(27,776)	(72,403)	(27,924)	(128,103)
At 30 November 2003	<u>701,023</u>	<u>129,810</u>	<u>3,898,989</u>	<u>156,986</u>	<u>170,183</u>	<u>5,056,991</u>
DEPRECIATION						
At 1 December 2002	154,229	14,606	1,335,497	99,583	120,930	1,724,845
Charge for year	49,699	6,491	550,015	52,927	35,807	694,939
Relating to disposals	-	-	(16,807)	(72,403)	(27,924)	(117,134)
At 30 November 2003	<u>203,928</u>	<u>21,097</u>	<u>1,868,705</u>	<u>80,107</u>	<u>128,813</u>	<u>2,302,650</u>
Net book amounts at: 30 November 2003	<u>£ 497,095</u>	<u>£ 108,713</u>	<u>£ 2,030,284</u>	<u>£ 76,879</u>	<u>£ 41,370</u>	<u>£ 2,754,341</u>
30 November 2002	<u>£ 431,887</u>	<u>£ 115,204</u>	<u>£ 1,725,863</u>	<u>£ 123,066</u>	<u>£ 62,857</u>	<u>£ 2,458,877</u>

The net book value of tangible fixed assets includes an amount of £550,650 (2002 - £341,949) in respect of assets held under hire purchase and finance lease contracts.

GRAMPIAN TEST & CERTIFICATION LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2003

A²+B[®]**9. STOCKS AND WORK IN PROGRESS**

	2003 £	2002 £
Raw materials and consumables	1,481,707	1,053,213
Work in progress	1,376,314	386,151
	<u>£ 2,858,021</u>	<u>£ 1,439,364</u>

10. DEBTORS

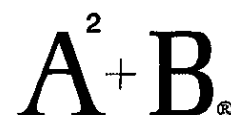
	2003 £	2002 £
Trade debtors	2,680,398	2,995,696
Prepayments and accrued income	1,056,542	615,448
Other debtors	4,696	10,965
Finance lease debtor	-	148,280
	<u>£ 3,741,636</u>	<u>£ 3,770,389</u>

11. CREDITORS: *amounts falling due within one year*

	2003 £	2002 £
Bank overdraft	890,880	39,067
Trade creditors	1,651,824	1,453,037
Hire purchase and finance lease creditor (Note 13)	129,950	104,990
Corporation tax	199,000	192,340
Other taxes and social security	254,577	230,240
Accruals and deferred income	322,295	298,308
	<u>£ 3,448,526</u>	<u>£ 2,317,982</u>

The bank borrowings are secured by a standard security over the company's property and by a bond and floating charge over the assets of the company.

GRAMPIAN TEST & CERTIFICATION LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2003



12. CREDITORS: *amounts falling due after more than one year*

	2003 £	2002 £
Hire purchase and finance lease creditor (Note 13)	171,486	89,834
Amounts due to parent company	3,184,343	2,980,052
	<u>£ 3,355,829</u>	<u>£ 3,069,886</u>

13. OBLIGATIONS UNDER HIRE PURCHASE AND FINANCE LEASE CONTRACTS

	2003 £	2002 £
<i>Amounts repayable:</i>		
Within one year (Note 11)	129,950	104,990
Between two and five years (Note 12)	171,486	89,834
	<u>£ 301,436</u>	<u>£ 194,824</u>

14. PROVISION FOR LIABILITIES AND CHARGES
comprises deferred taxation as follows:

	2003	2002
Accelerated capital allowances	<u>£ 193,228</u>	<u>£ 217,837</u>

Deferred taxation has been provided in full.

15. CALLED UP SHARE CAPITAL

	2003 & 2002
Authorised: 105,000 Ordinary shares of £1 each	<u>£ 105,000</u>
Allotted, called up and fully paid: 105,000 Ordinary shares of £1 each	<u>£ 105,000</u>

GRAMPLAN TEST & CERTIFICATION LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2003

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**16. RECONCILIATION OF SHAREHOLDERS' FUNDS
AND MOVEMENTS ON RESERVES**

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 30 November 2001	105,000	104,285	1,506,239	1,715,524
Profit for year	-	-	348,728	348,728
At 30 November 2002	105,000	104,285	1,854,967	2,064,252
Profit for year	-	-	294,802	294,802
At 30 November 2003	<u>£ 105,000</u>	<u>£ 104,285</u>	<u>£ 2,149,769</u>	<u>£ 2,359,054</u>

17. OTHER FINANCIAL COMMITMENTS

At 30 November 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Equipment		Land & buildings	
	2003	2002	2003	2002
	£	£	£	£
<i>Operating leases which expire:</i>				
In less than one year	7,501	7,917	28,500	8,000
Within two to five years	45,354	48,024	75,000	79,000
After five years	-	-	44,350	85,150
	<u>£ 52,855</u>	<u>£ 55,941</u>	<u>£ 147,850</u>	<u>£ 172,150</u>

**18. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2003 £	2002 £
Operating profit	496,895	555,987
Depreciation charge	694,939	557,678
(Gain)/loss on sale of tangible fixed assets	(20,948)	(14,009)
Decrease/(increase) in debtors	28,753	(414,007)
Increase in creditors	451,402	621,816
(Increase)/decrease in stock and work in progress	(1,418,657)	732
Net cash inflow	<u>£ 232,384</u>	<u>£ 1,308,197</u>

19. ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest paid	(38,909)	(20,151)
Net cash outflow from returns on investments and servicing of finance	<u>£ (38,909)</u>	<u>£ (20,151)</u>
Capital expenditure		
Purchase of tangible fixed assets	(757,130)	(477,664)
Sale of tangible fixed assets	31,917	64,592
Net cash outflow from capital expenditure	<u>£ (725,213)</u>	<u>£ (413,072)</u>
Financing		
Capital element of finance lease rental payments	(137,630)	(130,714)
Net cash outflow from financing	<u>£ (137,630)</u>	<u>£ (130,714)</u>

20. ANALYSIS OF NET DEBT

	At 30 November 2002 £	Cash flow £	Other non-cash charges £	At 30 November 2003 £
Cash at bank and in hand	(37,740)	(850,501)	-	(888,241)
Finance leases	(194,824)	137,630	(244,242)	(301,436)
Total	<u>£ (232,564)</u>	<u>£ (712,871)</u>	<u>£ (244,242)</u>	<u>£ (1,189,677)</u>

21. RELATED PARTIES

Control

During the year the company was controlled by the directors. The directors' interests in the share capital throughout the year are as stated in the directors' report.

Transactions

During the year the company had the following transactions with related parties:

Related party	Transaction	£	Due by company at year end £
GTC Holdings Limited	Management fees net of costs	1,596,041	
	Amounts paid	(1,391,750)	3,184,343

22. ULTIMATE PARENT COMPANY

The ultimate parent company is GTC Holdings Limited, a company registered in Scotland.

23. CONTINGENT LIABILITY

The company has given a guarantee in respect of the bank borrowings of GTC Holdings Limited. At 30 November 2003, group bank borrowings amounted to £6,752,869.