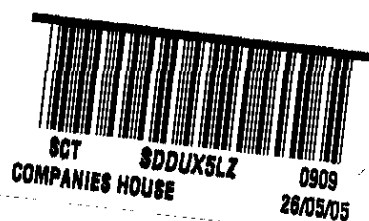


$A^2 + B$ ®

**GRAMPIAN TEST & CERTIFICATION LIMITED**  
(Company Number: 122818)

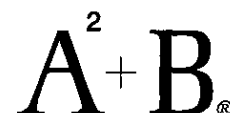
**DIRECTORS' REPORT AND  
ABBREVIATED ACCOUNTS**

30 NOVEMBER 2004



**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 2004.

**RESULTS AND DIVIDENDS**

The profit for the year, amounting to £267,888 (2003 - £294,802), has been dealt with as shown in the profit and loss account. No dividends have been paid or proposed in the year (2003 - £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 2004 were as noted above.

At 30 November 2004 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**

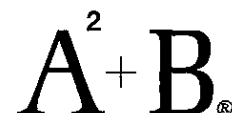
Anderson Anderson & Brown have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'Gordon Middleton', followed by a long horizontal flourish.

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 2004.

**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**

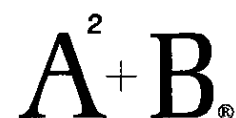
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 30 November 2004 and the abbreviated accounts on pages 4 to 15 have been properly prepared in accordance therewith.

*Anderson Anderson & Brown*

Anderson Anderson & Brown  
Chartered Accountants  
Registered Auditors  
Aberdeen

*10 May 2005*

**GRAMPIAN TEST & CERTIFICATION LIMITED**  
**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 NOVEMBER 2004**



	Note	2004 £	2003 £
GROSS PROFIT		5,332,870	5,475,286
Operating costs		<u>4,799,758</u>	<u>4,978,391</u>
OPERATING PROFIT	2	533,112	496,895
Interest payable and similar charges	5	<u>118,650</u>	<u>38,909</u>
PROFIT BEFORE TAXATION		414,462	457,986
Taxation	6	<u>146,574</u>	<u>163,184</u>
PROFIT FOR FINANCIAL YEAR		<u>£ 267,888</u>	<u>£ 294,802</u>

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

Movements on reserves are as set out in Note 15.

**GRAMPIAN TEST & CERTIFICATION LIMITED**  
**ABBREVIATED BALANCE SHEET – 30 NOVEMBER 2004**

**A<sup>2</sup> + B<sup>®</sup>**

	Note	2004 £	2003 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	<u>2,282,657</u>	<u>2,754,341</u>
<b>CURRENT ASSETS</b>			
Stocks and work in progress	8	2,308,692	2,858,021
Debtors	9	5,836,505	3,741,636
Cash at bank and in hand		<u>1,966</u>	<u>2,639</u>
		8,147,163	6,602,296
<b>CREDITORS: amounts falling due within one year</b>	10	<u>4,331,774</u>	<u>3,448,526</u>
<b>NET CURRENT ASSETS</b>		<u>3,815,389</u>	<u>3,153,770</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,098,046	5,908,111
<b>CREDITORS: amounts falling due after more than one year</b>	11	3,338,124	3,355,829
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	13	<u>132,980</u>	<u>193,228</u>
		<u>£ 2,626,942</u>	<u>£ 2,359,054</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	105,000	105,000
Capital redemption reserve	15	104,285	104,285
Profit and loss account	15	<u>2,417,657</u>	<u>2,149,769</u>
<b>SHAREHOLDERS' FUNDS</b>	15	<u>£ 2,626,942</u>	<u>£ 2,359,054</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

  
 Director – G Middleton

10 MAY 2005 Date

**GRAMPIAN TEST & CERTIFICATION LIMITED**  
**ABBREVIATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 NOVEMBER 2004**

**A<sup>2</sup> + B<sup>®</sup>**

	Note	2004 £	2003 £
Cash from operating activities	17	(240,362)	232,384
Returns on investments and servicing of finance	18	(118,650)	(38,909)
Taxation		(197,822)	(181,133)
Capital expenditure	18	(173,835)	(725,213)
		<u>(730,669)</u>	<u>(712,871)</u>
Financing – decrease in debt	18	(129,950)	(137,630)
<b>Decrease in cash in the year</b>		<u>£ (860,619)</u>	<u>£ (850,501)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	Note	2004 £	2003 £
<b>Decrease in cash in the year</b>		(860,619)	(850,501)
Cash outflow from decrease in lease financing		<u>129,950</u>	<u>137,630</u>
Change in net debt resulting from cash flows		(730,669)	(712,871)
New finance leases		<u>-</u>	<u>(244,242)</u>
<b>Movement in net debt in year</b>		(730,669)	(957,113)
<b>Net debt at 30 November 2003</b>		<u>(1,189,677)</u>	<u>(232,564)</u>
<b>Net debt at 30 November 2004</b>	19	<u>£ (1,920,346)</u>	<u>£ (1,189,677)</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 PROFIT *is stated after charging:*

	2004 £	2003 £
Auditors' remuneration	14,000	13,000
Operating lease - equipment	68,378	54,730
- land and buildings	128,235	184,199
Staff costs - salaries	2,634,629	2,760,528
- social security costs	256,965	272,359
- other pension costs	66,581	69,024
Depreciation - owned assets	569,818	598,339
- assets held under hire purchase and finance leases	85,398	96,600

**3. STAFF NUMBERS**

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

	2004 No	2003 No
Management, administration and sales	24	29
Workshop	105	115
	<u>129</u>	<u>144</u>

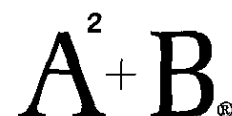
**4. DIRECTORS' REMUNERATION**

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.

**5. INTEREST PAYABLE**

	2004 £	2003 £
Bank overdraft	106,020	25,725
Hire purchase and finance leases	12,630	13,184
	<u>£ 118,650</u>	<u>£ 38,909</u>

**GRAMPIAN TEST & CERTIFICATION LIMITED**  
**NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2004**



6. TAXATION *charge for the year comprises:*

	2004 £	2003 £
UK corporation tax	208,000	199,000
Transfer from deferred tax	(57,152)	(31,435)
	<u>150,848</u>	<u>167,565</u>
<i>Adjustments relating to prior years:</i>		
UK corporation tax	(1,178)	(11,207)
Deferred tax	(3,096)	6,826
	<u>£ 146,574</u>	<u>£ 163,184</u>

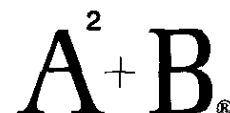
The tax charge for the year exceeds the amount which would be anticipated by applying the company's tax rate of 30% to its pre-tax profits because of costs of £66,000 not allowable for tax purposes.

7. TANGIBLE FIXED ASSETS

	Freehold buildings £	Leasehold land & buildings £	Plant & machinery £	Computers, furniture & fittings £	Motor vehicles £	Total £
<b>COST</b>						
At 1 December 2003	701,023	129,810	3,898,989	156,986	170,183	5,056,991
Additions	-	-	170,602	21,859	8,000	200,461
Reclassification	(127,122)	127,122	-	-	-	-
Disposals	-	-	(143,344)	(37,591)	(31,355)	(212,290)
At 30 November 2004	<u>573,901</u>	<u>256,932</u>	<u>3,926,247</u>	<u>141,254</u>	<u>146,828</u>	<u>5,045,162</u>
<b>DEPRECIATION</b>						
At 1 December 2003	203,928	21,097	1,868,705	80,107	128,813	2,302,650
Charge for year	43,258	6,491	540,703	43,586	21,178	655,216
Reclassification	(86,003)	86,003	-	-	-	-
Relating to disposals	-	-	(126,415)	(37,591)	(31,355)	(195,361)
At 30 November 2004	<u>161,183</u>	<u>113,591</u>	<u>2,282,993</u>	<u>86,102</u>	<u>118,636</u>	<u>2,762,505</u>
Net book amounts at:						
30 November 2004	<u>£ 412,718</u>	<u>£ 143,341</u>	<u>£ 1,643,254</u>	<u>£ 55,152</u>	<u>£ 28,192</u>	<u>£ 2,282,657</u>
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>

The net book value of tangible fixed assets includes an amount of £275,865 (2003 - £550,650) in respect of assets held under hire purchase and finance lease contracts.

**GRAMPIAN TEST & CERTIFICATION LIMITED**  
**NOTES ON THE ABBREVIATED ACCOUNTS – 30 NOVEMBER 2004**



**8. STOCKS AND WORK IN PROGRESS**

	2004 £	2003 £
Raw materials and consumables	1,147,332	1,481,707
Work in progress	1,161,360	1,376,314
	<u>£ 2,308,692</u>	<u>£ 2,858,021</u>

**9. DEBTORS**

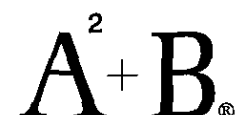
	2004 £	2003 £
Trade debtors	3,630,180	2,680,398
Prepayments and accrued income	2,206,159	1,056,542
Other debtors	166	4,696
	<u>£ 5,836,505</u>	<u>£ 3,741,636</u>

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

	2004 £	2003 £
Bank overdraft	1,750,826	890,880
Trade creditors	1,530,669	1,651,824
Hire purchase and finance lease creditor (Note 12)	104,610	129,950
Corporation tax	208,000	199,000
Other taxes and social security	439,812	254,577
Accruals and deferred income	297,857	322,295
	<u>£ 4,331,774</u>	<u>£ 3,448,526</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 2004**



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

	2004 £	2003 £
Hire purchase and finance lease creditor (Note 12)	66,876	171,486
Amounts due to parent company	3,271,248	3,184,343
	<u>£ 3,338,124</u>	<u>£ 3,355,829</u>

12. OBLIGATIONS UNDER HIRE PURCHASE AND FINANCE LEASE CONTRACTS

	2004 £	2003 £
<i>Amounts repayable:</i>		
Within one year (Note 10)	104,610	129,950
Between two and five years (Note 11)	66,876	171,486
	<u>£ 171,486</u>	<u>£ 301,436</u>

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

	2004	2003
Accelerated capital allowances	<u>£ 132,980</u>	<u>£ 193,228</u>

Deferred taxation has been provided in full.

14. CALLED UP SHARE CAPITAL

	2004 & 2003
<b>Authorised:</b> 105,000 Ordinary shares of £1 each	<u>£ 105,000</u>
<b>Allotted, called up and fully paid:</b> 105,000 Ordinary shares of £1 each	<u>£ 105,000</u>

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

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
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	105,000	104,285	2,149,769	2,359,054
Profit for year	-	-	267,888	267,888
At 30 November 2004	<u>£ 105,000</u>	<u>£ 104,285</u>	<u>£ 2,417,657</u>	<u>£ 2,626,942</u>

**16. OTHER FINANCIAL COMMITMENTS**

At 30 November 2004 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Equipment</b>		<b>Land &amp; buildings</b>	
	2004	2003	2004	2003
	£	£	£	£
<i>Operating leases which expire:</i>				
In less than one year	-	7,501	8,000	28,500
Within two to five years	57,039	45,354	75,000	75,000
After five years	-	-	15,150	15,150
	<u>£ 57,039</u>	<u>£ 52,855</u>	<u>£ 98,150</u>	<u>£ 118,650</u>

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

	2004 £	2003 £
Operating profit	533,112	496,895
Depreciation charge	655,216	694,939
Gain on sale of tangible fixed assets	(9,697)	(20,948)
(Increase)/decrease in debtors	(2,094,869)	28,753
Increase in creditors	126,547	451,402
Decrease/(increase) in stock and work in progress	549,329	(1,418,657)
Net cash (outflow)/inflow	<u>£ (240,362)</u>	<u>£ 232,384</u>

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

	2004 £	2003 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(118,650)	(38,909)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>£ (118,650)</u>	<u>£ (38,909)</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(200,461)	(757,130)
Sale of tangible fixed assets	26,626	31,917
<b>Net cash outflow from capital expenditure</b>	<u>£ (173,835)</u>	<u>£ (725,213)</u>
<b>Financing</b>		
Capital element of finance lease rental payments	(129,950)	(137,630)
<b>Net cash outflow from financing</b>	<u>£ (129,950)</u>	<u>£ (137,630)</u>

19. ANALYSIS OF NET DEBT

	At 30 November 2003 £	Cash flow £	At 30 November 2004 £
Cash at bank and in hand	(888,241)	(860,619)	(1,748,860)
Finance leases	(301,436)	129,950	(171,486)
<b>Total</b>	<u>£ (1,189,677)</u>	<u>£ (730,669)</u>	<u>£ (1,920,346)</u>

**20. 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:

<b>Related party</b>	<b>Transaction</b>	<b>£</b>	<b>Due by company at year end £</b>
GTC Holdings Limited	Management fees	2,130,000	
	Rental	144,000	
	Costs recharged	(1,441,195)	
	Amounts repaid	(958,000)	3,271,248

**21. ULTIMATE PARENT COMPANY**

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

**22. CONTINGENT LIABILITY**

The company has given a guarantee in respect of the bank borrowings of GTC Holdings Limited. At 30 November 2004, group bank borrowings amounted to £6,802,247.

**23. PRIOR YEAR ADJUSTMENT**

Included in prepayments and accrued income is an amount of £151,434 representing prepaid consumable items allocated to contracts. Whilst the same conditions existed at 30 November 2003, no prepayment was separately recorded at that date. No prior year adjustment has been recorded since it is now impractical to determine the extent of the prepayment at 30 November 2003.