

GTC Group Limited

**Directors' report and financial
statements**

Registered number SC122818

For the 52 weeks ended 31 October 2010

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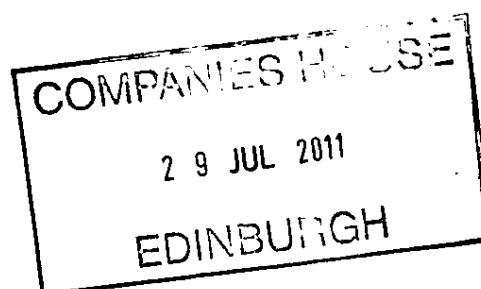
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Contents

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditor's report to the members of GTC Group Limited	5
Profit and Loss Account	7
Balance Sheet	8
Notes to the financial statements	9

Officers and professional advisers

Directors

A Gowing
SM Melville (resigned 30 September 2010)
D Robinson
EDW Phillips
NR Carrick
MT Lejman (appointed 17 May 2011)
MA Grant (appointed 15 June 2011)
RR Buchan (appointed 15 June 2011)

Company Secretary

DB Robinson

Registered office

Mackinnons
14 Carden Place
Aberdeen
AB10 1UR

Auditors

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors submit their report and the financial statements of GTC Group Limited for the fifty two weeks ended 31 October 2010 ("the period").

Principal activities

The principal activities of the company include the supply, repair and recertification of lifting equipment and gear, the manufacture and repair of wire rope slings, chain slings, webbing slings and proof load testing and the supply, hire, service and repair of pneumatic and hydraulic tools. The company also carried out non destruction testing and inspection of lifting appliances and structures for both onshore and offshore use.

Review of the business

Turnover from Continuing Operations has reduced to £30,313,867 from £36,543,092 in 2009.

Operating profit (excluding exceptionals) reduced to £2,498,123 from £4,419,879 in 2009.

In September 2010, the parent company Cosalt plc announced an internal review into the operating practices of the Company. The review uncovered a shortfall in stock and work in progress. The Company is currently pursuing a claim through the Scottish Courts against the parties responsible for part of the shortfall and is seeking damages against Calum Melville and Stuart Melville and companies associated with them for losses suffered by the Company as a consequence of an alleged fraud, including the costs the Company has incurred in relation to this matter.

The costs of the shortfall and the associated legal and professional fees is included in the Exceptional Items in Note 2. Further details of the legal position were provided in the shareholder circular issued by Cosalt plc which is available from the group's website at <http://www.cosalt.com/investors.ashx>.

The directors believe that the long term prospects for the business are good; the company is developing its range of products and services and has renewed existing contracts and secured new business during the period under review, including lifeboat sales and servicing.

Transfer of operations

Whilst the Lowestoft branch continues to provide some Offshore operations, for logistical reasons, a decision was taken to transfer it back into the Cosalt International Limited's marine branch structure. This transfer took place on 1 March 2010.

The Aberdeen branch was transferred back to Cosalt International Limited on 30 May 2011.

Balance sheet

The balance sheet shows a reduction in shareholders' funds of £3,936,169 to £3,690,633 deficit.

Principal risks and uncertainties

The directors have considered the principal risks and uncertainties to be those associated with the global oil and gas market where changes in political and operational landscapes could impact favourably or otherwise upon business and as such are continually monitoring new opportunities.

Other significant risks to the company's profitability are:

- The international oil price
- Statutory regulation, e.g. health and safety, environmental
- Reduced demand from the company's main markets

Key Performance Indicators (KPIs)

Management monitor the performance of the operations compared to budget and forecast.

KPIs monitored on a daily basis are:

- Sales volume and value

Directors' report *(continued)*

Key Performance Indicators (KPIs) *(continued)*

- Quality
- Order intake

KPIs monitored monthly/weekly are the above plus:

- Profit and cash generation
- Overtime and absenteeism rates
- Health and safety rate (accidents per 100 employees)

Future prospects

There are prospects for a continued improvement in market conditions during 2011, with increased activity levels generally within the Offshore oil and gas sectors, both in the North Sea and further afield, and consolidation recently in the Sector with a merger between Subsea7 and Acergy and the acquisition of PSN by Wood Group. These four major players are existing clients and we are looking to supply their needs as they seek ever higher standards of quality and safety from a smaller number of reliable partner suppliers.

Results and dividends

The loss for the period was £3,936,169 (2009: Profit £3,622,639). No dividend was paid in the period (2009: £3,700,000).

Directors

The directors of the company during the period ended 31 October 2010 were as noted on page 1.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the board



M A Grant
Director

Mackinnons
14 Carden Place
Aberdeen
AB10 1UR

29th July 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of GTC Group Limited

We have audited the financial statements of GTC Group Limited for the 52 week period ended 31 October 2010 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2010 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report to the members of GTC Group Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Parent Company (Cosalt plc) has agreed revised banking facilities which will expire in December 2012, but which are subject to the sale of the Marine business, which is itself subject to pre-completion approvals. Should the business sale not complete the Directors of the Parent Company would need to seek to extend existing facilities with the Parent Company's banks or to seek additional or alternative funding. These conditions, along with other matters described in Note 1, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

David Morritt (Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

1 The Embankment

Leeds

West Yorkshire

LS1 4DW

29 July 2011

Profit and loss account

for the fifty-two weeks ended 31 October 2010

	Note	52 weeks ended 31 October 2010			53 weeks ended 1 November 2009
		Continuing Operations	Branch Transfer (note 22)	Total	Total
		£	£	£	£
Turnover		28,893,636	1,420,231	30,313,867	36,543,092
Operating costs	2	(33,055,580)	(1,436,068)	(34,491,648)	(32,953,080)
Operating (loss)/profit	3	(4,161,944)	(15,837)	(4,177,781)	3,590,012
Analysis of operating profit					
Operating profit before exceptional costs				2,498,123	4,419,879
Exceptional costs	2			(6,675,904)	(829,867)
				(4,177,781)	3,590,012
<hr/>					
Interest receivable	6			-	7,978
Interest payable and similar charges	7			(4,633)	(37,628)
(Loss)/profit on ordinary activities before taxation				(4,182,414)	3,560,362
Tax on (loss)/profit on ordinary activities	8			246,245	62,277
(Loss)/profit on ordinary activities after taxation	17			(3,936,169)	3,622,639

There are no recognised gains and losses other than the profit for the periods stated above.

There is no material difference between the profit on ordinary activities and the retained profit for the periods stated above and the historical cost equivalents.

The notes on pages 9 to 19 form a part of these financial statements.

Balance sheet
 at 31 October 2010

	Note	31 October 2010 £	1 November 2009 £
Fixed assets			
Intangible assets	9	3,275,178	5,519,636
Tangible fixed assets	10	4,630,530	3,146,531
Investments	11	1	1
		<hr/>	<hr/>
		7,905,709	8,666,168
Current assets			
Stocks and work in progress	12	3,139,625	7,042,583
Debtors	13	8,130,505	11,215,476
Cash at bank and in hand		-	1,155,691
		<hr/>	<hr/>
		11,270,130	19,413,750
Creditors: amounts falling due within one year	15	(22,866,472)	(27,834,382)
		<hr/>	<hr/>
Net current liabilities		(11,596,342)	(8,420,632)
		<hr/>	<hr/>
Net (liabilities)/assets		(3,690,633)	245,536
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	105,000	105,000
Capital redemption reserve	17	104,285	104,285
Profit and loss account	17	(3,899,918)	36,251
		<hr/>	<hr/>
Shareholders' (deficit)/funds	17	(3,690,633)	245,536
		<hr/>	<hr/>

These financial statements were approved by the board of directors on ^{29th} July 2011 and were signed on its behalf by:



M A Grant
 Director

The notes on pages 9 to 19 form a part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1 on the grounds that it is a wholly owned subsidiary undertaking of a parent undertaking which publishes a consolidated cash flow statement.

Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the reasons set out below.

The Directors of the parent company (Cosalt plc) have proposed the disposal of the Marine operations (which includes Cosalt International Limited) to Survitec Group for £31 million in cash. If pre completion conditions are satisfied (see below) the net proceeds of approximately £27 million will be utilised to reduce the Group's (Cosalt plc and its subsidiaries, including Cosalt International Limited) borrowings.

Completion of the disposal is conditional upon certain pre-completion approvals, including:

- anti-trust clearance being obtained, where necessary;
- consent having been obtained from the relevant landlords in respect of the assignment of certain leases.

The Group meets its day to day working capital requirements through a revolving credit facility and longer-term funding through a term loan. The economic environment is challenging, as the Group results for the period to 31 December 2010 reflect. However there have been no material adverse changes to Cosalt International Limited's business.

The Group's banks waived a number of covenant tests in 2010 and in 2011, pending the finalisation of revised facilities. The Group's banks also deferred a planned repayment of £3m borrowing facilities due on 31 January 2011 and extended a further £4m under the existing multicurrency revolving credit facility.

Whilst the borrowing facilities are not due for renewal until March 2012, the Group Directors have agreed with the Group's banks amended and extended facilities to 31 December 2012 on terms similar to those currently in place, subject to the Marine business disposal completing by 19 August 2011.

These facilities comprise a multi-currency revolving credit facility and ancillary facilities (comprising of credit, bonds, guarantees, foreign exchange and other facilities) of up to £11.4 million to fund working capital requirements, including funding the specific investment required under Cosalt plc's framework agreement with certain fire brigades in the South East of England.

These revised arrangements contain a new suite of covenants, to be tested quarterly at the end of March, June, September and December for the duration of the facilities.

Notes (continued)

1 Accounting policies (continued)

As a condition of these arrangements, two of Cosalt plc's substantial shareholders, David Ross and Sovereign Holding Ltd, have agreed to provide guarantees to Cosalt plc's banks totalling £4.6 million and £1.2 million respectively over amounts drawn by the Continuing Group under these facilities.

In addition to, and as a further condition of, these arrangements, Cosalt plc will issue, subject to Completion of the disposal, Loan Notes totalling £2.0 million to Sovereign Holding Ltd and David Ross (£1.0 million each). The Loan Notes will be unsecured, and carry an annual coupon rate equal to LIBOR and are repayable in full by 18 months from date of issue.

David Ross has provided £1.5 million of additional funding to the Group prior to completion of the disposal. This funding has been provided by way of unsecured loans and unsecured loan notes on terms the Board consider to be commercial.

The Group's forecasts and projections are prepared under the assumption that the Marine business disposal is approved and the revised banking facilities are in place. These forecasts and projections, taking into account sensitivities around operational performance, show that the Group will be able to operate within the facilities and covenant tests for the foreseeable future.

However, if the disposal does not complete by 19 August 2011, there can be no guarantee that the Group's lenders will continue to waive existing covenant tests and the £3 million due under the Term Loan Facility and the outstanding amount under the recent £4 million extension to the revolving credit facility would immediately fall due for repayment. Although there can be no certainty of this, the Group Directors have no reason to believe that bank support would not continue pending delayed completion of the disposal.

Should the Marine business disposal not complete, or the amended and restated banking facilities not be completed, the Group Directors would then immediately need to agree a grace period with the Group's banks within which to negotiate a waiver of the event of default or new debt facilities. Provided that the Group Directors are able to agree a grace period, in the absence of new debt facilities being extended by the banks, Cosalt plc would seek alternative debt or equity funding from one or more of its Shareholders or further support from an existing or new lender or new equity investors in order to fund the working capital requirements of Cosalt plc and the Group.

The Directors have concluded that the possibility that all required approvals for the Marine business disposal may not be obtained and that, were they not to be, additional or alternative sources of finance would be required, represent material uncertainties that cast significant doubt upon the Group's and Cosalt International Limited's ability to continue as a going concern and that, therefore, the Company may be unable to continue realising their assets and discharging their liabilities in the normal course of business. Nevertheless, the Group have reasonable expectation that the pre-completion conditions will be satisfied by 19 August 2011, with the consequent completion of the amended and restated banking facilities and associated reduction in borrowings. The company has net current liabilities of £11,596,342 and net liabilities of £3,690,633 at 31 October 2010. The ultimate parent company (Cosalt plc) has confirmed that it will provide financial and other support to the company at least for the next twelve months and thereafter for the foreseeable future to enable it to continue to trade. For this reason, they continue to adopt the going concern basis in preparing the annual financial statements.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separate net assets acquired) arising on business combinations is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, which is determined by the directors to be 20 years.

Notes (continued)

1 Accounting policies (continued)

Depreciation

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

Freehold buildings	5-10 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

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, labour and an appropriate proportion of production overheads.

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.

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.

Turnover

Turnover from the sale of goods and services is recognised in the profit and loss account when the significant risks and rewards of ownership have been transferred to the buyer. No turnover is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs for the possible return of goods, or if there is continuing managerial involvement with goods.

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.

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 been 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 company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in the period which are different from those recognised in the accounts. Deferred tax has been measured on a non-discounted basis.

Notes (continued)

2 Operating costs

	52 weeks ended 31 October 2010			53 weeks ended 1 November 2009		
	Normal £	Exceptional £	Total £	Normal £	Exceptional £	Total £
Increase in stocks and work in progress	674,155	1,727,426	2,401,581	(2,014,614)	-	(2,014,614)
Raw materials and consumables	14,568,953	4,710,624	19,279,577	20,221,575	138,730	20,360,305
Staff costs	7,727,509	52,575	7,780,084	8,311,202	295,203	8,606,405
- salaries	742,775	-	742,775	851,829	-	851,829
- social security costs	185,706	-	185,706	181,687	-	181,687
- other pension costs	684,015	-	684,015	681,907	8,611	690,518
Depreciation	1,281	-	1,281	8,546	-	8,546
- owned assets	217,276	-	217,276	290,507	-	290,507
- leased assets	3,014,074	185,279	3,199,353	3,590,574	387,323	3,977,897
Amortisation of goodwill						
Other operating charges						
	<u>27,715,744</u>	<u>6,675,904</u>	<u>34,491,648</u>	<u>32,123,213</u>	<u>829,867</u>	<u>32,953,080</u>

Exceptional items in the year ended 31 October 2010 comprise of the shortfall and the associated legal and professional costs from the alleged fraud, stock write down and provisions, technical compliance costs, redundancy costs and other restructuring costs.

3 Operating profit is stated after charging

	52 weeks ended 31 October 2010 £	53 weeks ended 1 November 2009 £
Auditors' remuneration	39,932	31,435
Operating leases	121,221	192,415
Equipment	625,702	565,893
Land and buildings	24,766	46,895
Loss on sale of fixed assets	21,157	175,062
Foreign exchange loss		

Notes (continued)

4 Staff costs

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

	52 weeks ended 31 October 2010 No	53 weeks ended 1 November 2009 No
Management, administration and sales	61	53
Workshop	173	158
	<u>234</u>	<u>211</u>

5 Directors' remuneration

	52 weeks ended 31 October 2010 £	53 weeks ended 1 November 2009 £
Remuneration for management	407,933	526,015

Total remuneration for the highest paid director was £167,440 (2009: £353,686) including £25,000 (2009: £25,000) of pension contributions.

6 Interest receivable

	52 weeks ended 31 October 2010 £	53 weeks ended 1 November 2009 £
Bank interest	-	7,978

7 Interest payable

	52 weeks ended 31 October 2010 £	53 weeks ended 1 November 2009 £
Bank overdraft interest	-	104
Hire purchase and finance leases	-	2,570
Other interest	4,633	34,954
	<u>4,633</u>	<u>37,628</u>

Notes (continued)

8 Taxation charge/(credit) for the period comprises

	52 weeks ended 31 October 2010 £	53 weeks ended 1 November 2009 £
UK corporation tax	(394,752)	301,400
Deferred tax	119,379	(106,385)
	<hr/>	<hr/>
	(275,373)	195,015
Adjustments relating to prior period:		
Corporation tax	29,128	(49,400)
Deferred tax	-	(207,892)
	<hr/>	<hr/>
	(246,245)	(62,277)
	<hr/>	<hr/>

The current tax charge for the period is higher (2009: lower) than the standard rate of corporation tax in the UK 28% (2009: 28%) the differences are explained below:

	52 weeks ended 31 October 2010 £	53 weeks ended 1 November 2009 £
(Loss)/profit on ordinary activities before tax	(4,182,414)	3,560,362
	<hr/>	<hr/>
Current tax at 28% (2009: 28%)	(1,171,076)	996,901
Expenses not deductible for tax purposes	883,561	98,114
Short term timing differences	(8,920)	140,000
Depreciation in excess of capital allowances	(110,459)	(33,615)
Group relief not paid for	-	(900,000)
Re-measurement of deferred tax balances	12,142	-
	<hr/>	<hr/>
	(394,752)	301,400
	<hr/>	<hr/>

The Emergency Budget on 22 June 2010 announced that the UK Corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was enacted on 27 July 2010 and will be effective from 1 April 2011.

The budget on 23 March 2011 announced further measures to reduce the UK corporation tax rate to 23% by 2014. An additional reduction of 1% will decrease the rate of UK corporation tax from 28% to 26% with effect from 1 April 2011.

These changes will reduce the company's future current tax charge accordingly. The measurement of deferred tax is based upon the expected change in rate to 27% as enacted at the balance sheet date.

If the rate change to 26% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax asset recognised at the date by £14,641. It has not yet been possible to quantify the full anticipated effect of the announced further 3% reduction, although this will further reduce the Company's future current tax charge (and reduce the Company's deferred tax assets accordingly).

Notes (continued)

9 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 November 2009	5,810,143
Disposals (note 22)	(2,171,057)
	<hr/>
At 31 October 2010	3,639,086
	<hr/>
Accumulated amortisation	
At 1 November 2009	(290,507)
Amortisation charge for period	(217,276)
Disposals (note 22)	143,875
	<hr/>
At 31 October 2010	(363,908)
	<hr/>
Net book value	
At 31 October 2010	3,275,178
	<hr/>
At 1 November 2009	5,519,636
	<hr/>

10 Tangible fixed assets

	Leasehold Land And Buildings	Plant and Machinery	Computers, Furniture and Fittings	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 November 2009	490,949	6,771,853	627,806	201,332	8,091,940
Additions	278,071	1,823,953	392,959	27,750	2,522,733
Transfers In	-	3,757	-	-	3,757
Transfers Out	-	(744,372)	(7,878)	(27,750)	(780,000)
Disposals	-	(56,145)	-	-	(56,145)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2010	769,020	7,799,046	1,012,887	201,332	9,782,285
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 November 2009	29,536	4,546,100	216,234	153,539	4,945,409
Transfers In	-	3,163	-	-	3,163
Transfers Out	-	(452,767)	(1,128)	(1,852)	(455,747)
Charge for period	37,043	560,409	63,496	24,348	685,296
Disposals	-	(26,366)	-	-	(26,366)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2010	66,579	4,630,539	278,602	176,035	5,151,755
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book values					
At 31 October 2010	702,441	3,168,507	734,285	25,297	4,630,530
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 November 2009	461,413	2,225,753	411,572	47,793	3,146,531
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Tangible fixed assets (continued)

The net book value of tangible fixed assets includes an amount of £500 (2009: £49,768) in respect of assets held under hire purchase and finance lease contracts.

Leasehold land and buildings represent improvements made to leasehold land and buildings occupied by the company.

11 Investments

Cost	£
At 1 November 2009 and 31 October 2010	1

The associated undertaking as at 31 October 2010 was:

Company	Nature of business	Holding %
GTC Specialist Services Limited	Dormant	50
The above is a holding of ordinary shares.		

12 Stocks and work in progress

	31 October 2010 £	1 November 2009 £
Raw materials and consumables	2,935,616	4,436,993
Work in progress	204,009	2,605,590
	<u>3,139,625</u>	<u>7,042,583</u>

13 Debtors

	31 October 2010 £	1 November 2009 £
Trade debtors	5,665,479	7,312,953
Prepayments and accrued income	992,146	1,278,648
Amounts due from group undertakings	1,145,056	1,851,672
Deferred tax asset (note 14)	327,824	447,203
Other debtors	-	325,000
	<u>8,130,505</u>	<u>11,215,476</u>

Notes (continued)

14 Deferred taxation

The deferred tax asset is made up as follows:

	31 October 2010 £	1 November 2009 £
Comprises deferred taxation as follows:		
Accelerated capital allowances	86,974	197,433
Other timing differences	240,850	249,770
	<u>327,824</u>	<u>447,203</u>

15 Creditors: amounts falling due within one year

	31 October 2010 £	1 November 2009 £
Bank Overdraft	214,143	-
Trade creditors	5,658,473	4,216,150
Corporation tax	-	687,052
Amounts owed to group undertakings	15,502,946	20,903,068
Other taxes and social security	713,306	945,798
Other creditors	114,235	34,488
Accruals and deferred income	663,369	1,047,826
	<u>22,866,472</u>	<u>27,834,382</u>

16 Called up share capital

	31 October 2010 £	1 November 2009 £
<i>Authorised</i>		
105,000 ordinary shares of £1 each	<u>105,000</u>	<u>105,000</u>
<i>Allotted, called up and fully paid</i>		
105,000 ordinary shares of £1 each	<u>105,000</u>	<u>105,000</u>

Notes (continued)

17 Reconciliation of equity shareholders' funds and movements on reserves

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
As at 1 November 2009	105,000	104,285	36,251	245,536
Loss for the financial period	-	-	(3,936,169)	(3,936,169)
As at 31 October 2010	<u>105,000</u>	<u>104,285</u>	<u>(3,899,918)</u>	<u>(3,690,633)</u>

18 Other financial commitments

At 31 October 2010, the company had annual commitments under non cancellable operating leases as follows:

	Equipment 2010 £	2009 £	Land and buildings 2010 £	2009 £
Operating leases which expire:				
In less than one year	16,478	36,930	-	-
Within two to five years	103,616	113,449	-	-
After five years	-	-	550,420	667,840
	<u>120,094</u>	<u>150,379</u>	<u>550,420</u>	<u>667,840</u>

19 Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions with other group companies, as permitted by Financial Reporting Standard No 8 as the consolidated financial statements in which the company is included are publicly available.

Mr S Melville is a director of property companies which lease certain properties in Aberdeen to GTC Group Limited. The rent payable under these leases during the period amounted to £475,000.

Notes (continued)

20 Ultimate parent company

The company is a subsidiary undertaking of Cosalt plc, which is the ultimate parent company, incorporated in England. The consolidated accounts of this company are available to the public and may be obtained from Origin 4, Genesis Park, Origin Way, Grimsby, NE Lincolnshire DN37 9TZ.

21 Contingent liability

The company has given a guarantee in respect of the bank borrowings of the other group companies. At 31 October 2010, total group bank borrowings amounted to £20,740,287 (2009: £18,929,129).

22 Transfer of Business

The effect of the transfer of the Lowestoft branch to Cosalt International Limited (a fellow subsidiary of Cosalt plc) is shown below:

	£	£
Fixed Assets		
Goodwill		2,027,182
Tangible		298,916
Current Assets		
Stocks and work in progress	563,671	
Debtors	26,854	
Cash at bank and in hand	720	
		<hr/>
		591,245
		<hr/>
Total Assets		2,917,343
Creditors: Amounts falling due within one year		(42,595)
		<hr/>
Net Assets transferred		2,874,748
Consideration		2,874,748
		<hr/>
Gain on Transfer		-
		<hr/>

23 Subsequent events

On 30 May 2011 the trade and assets of the Aberdeen branch were transferred back to Cosalt International Limited for proceeds in excess of the net book value of the assets transferred.