

ROSS & BONNYMAN HOLDINGS LIMITED
(Company Number: SC243703)

DIRECTORS' REPORT AND ABBREVIATED ACCOUNTS

31 DECEMBER 2008



Anderson Anderson & Brown LLP
Chartered Accountants

**ROSS & BONNYMAN HOLDINGS LIMITED
DIRECTORS' REPORT**

Directors: F J R Craig
A Honig
D R Bibby
A Murray
R Stevenson
I D Gardiner

Secretaries: Paull & Williamsons LLP

Registered office: Roberts Street, Forfar, Angus

The directors present their report and the audited abbreviated accounts for the year ended 31 December 2008.

RESULTS AND DIVIDENDS

The profit for the year amounting to £93,935 (2007 - £1,837,526) has been dealt with as shown in the profit and loss account. No dividends were paid in the year (2007 - £50,000).

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the company are that of a holding company and the provision of management services.

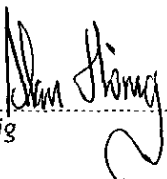
PROVISION OF INFORMATION TO AUDITORS

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

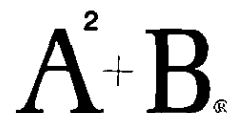
Anderson Anderson & Brown LLP have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

Signed on behalf of the board of directors


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Director - A Honig

26 Mar '09 Date

ROSS & BONNYMAN HOLDINGS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES



Company law requires the directors to prepare accounts for each financial period 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 ROSS & BONNYMAN HOLDINGS LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 4 to 14 together with the full accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 2008.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 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 and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Emphasis of matter - Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in Note 1 of the accounts concerning the going concern basis of preparation. The accounts have been prepared on a going concern basis, which is based on projected improvement in profitability and renewal of banking facilities.

In view of the significance of this matter we consider that the circumstances relating to this be drawn to your attention.

Unqualified 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 31 December 2008 and the abbreviated accounts on pages 4 to 14 have been properly prepared in accordance therewith.

Anderson Anderson & Brown LLP

Anderson Anderson & Brown LLP
Chartered Accountants
Registered Auditors
Aberdeen

26 MAY 2009

ROSS & BONNYMAN HOLDINGS LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
OPERATING PROFIT		241,917	172,556
Exceptional items arising from group restructuring	6	-	1,811,169
Interest payable and similar charges	7	126,982	133,393
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		114,935	1,850,332
Taxation	8	21,000	12,806
NET PROFIT FOR THE YEAR		<u>£ 93,935</u>	<u>£ 1,837,526</u>

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

Movements on the reserves are detailed in Note 16.

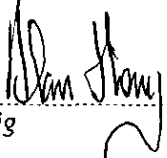
ROSS & BONNYMAN HOLDINGS LIMITED
ABBREVIATED BALANCE SHEET - 31 DECEMBER 2008


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	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	10	796,460	793,533
Investments	11	4,750,000	4,750,000
		<u>5,546,460</u>	<u>5,543,533</u>
CURRENT ASSETS			
Debtors	12	33,185	25,888
CREDITORS: <i>amounts falling due within one year</i>	13	<u>996,568</u>	<u>1,000,312</u>
NET CURRENT LIABILITIES		<u>(963,383)</u>	<u>(974,424)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,583,077	4,569,109
CREDITORS: <i>amounts falling due after more than one year</i>	14	<u>2,541,634</u>	<u>2,621,601</u>
TOTAL ASSETS LESS LIABILITIES		<u>£ 2,041,443</u>	<u>£ 1,947,508</u>
CAPITAL AND RESERVES			
Share capital	16	3,000	3,000
Profit and loss account	17	<u>2,038,443</u>	<u>1,944,508</u>
SHAREHOLDERS' FUNDS	17	<u>£ 2,041,443</u>	<u>£ 1,947,508</u>

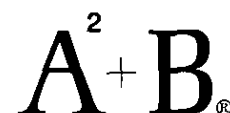
The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium sized companies.

For and on behalf of the board of directors


Director - A F Honig


26 Mar 09 Date

ROSS & BONNYMAN HOLDINGS LIMITED
 ABBREVIATED CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2008



	Note	2008 £	2007 £
Net cash inflow from operating activities	19	411,323	6,309,301
Returns on investments and servicing of finance	20	(126,982)	(183,393)
Taxation	20	(21,000)	(42,306)
Capital transactions	20	(13,857)	(5,547,270)
		<u>249,484</u>	<u>536,332</u>
Financing - decrease in net debt	20	(218,661)	(1,064,774)
Increase/(decrease) in cash		<u>£ 30,823</u>	<u>£ (528,442)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase/(decrease) in cash in the year		30,823	(528,442)
Change in net debt resulting from cash flows		<u>218,661</u>	<u>1,064,774</u>
Movement in net debt in year		249,484	536,332
Net debt at 31 December 2007	21	(1,768,562)	(2,304,894)
Net debt at 31 December 2008	21	<u>£ (1,519,078)</u>	<u>£ (1,768,562)</u>

1. GOING CONCERN

The accounts have been prepared on a going concern basis. In making this assessment, all available information about the foreseeable future, covering a period of one year from the date of approval of their accounts, has been taken into consideration.

Significant steps have been taken to reduce costs, improve production efficiency and improve gross profit margins and the effects of these actions are being realised. The group has invested in the development of new products in recent years and these have generated significant interest amongst customers, with orders having been placed for 2009 delivery and a high level of enquiries received. These factors underpin the projected improvement in profitability in 2009.

The group banking facilities were renewed in 2008 and are to be reviewed later this year. The going concern basis of accounts preparation is based on the projected improvement in trading performance and renewal of banking facilities.

The directors have prepared financial projections which reflect these assumptions. The investment in products and equipment in recent years, together with actions taken to improve profitability, will strengthen the company for the future and the directors look forward with confidence.

2. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

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

(b) *Consolidation*

The accounts present information about the company as an individual undertaking and not about the group, as the company has taken exemption conferred by Section 248 of the Companies Act 1985, as amended, not to prepare group accounts on the basis that the group is a medium sized group.

(c) *Depreciation*

Depreciation is provided on all tangible assets at rates calculated to write off their cost less residual value on a straight line basis over their estimated useful lives, as follows:

Freehold property	2% per annum
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Freehold land is not depreciated.

(d) *Investments*

Investments are stated at cost less any permanent diminution in value.

(e) *Pensions*

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

(f) *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.

3. OPERATING PROFIT *is stated after charging:*

	2008 £	2007 £
Auditor's remuneration	1,750	1,300
Depreciation	10,930	3,737

4. STAFF COSTS AND NUMBERS

	2008 £	2007 £
Staff costs		
- wages and salaries	431,931	425,110
- social security	51,172	50,972
- other pension costs	74,550	72,510
	<u>£ 557,653</u>	<u>£ 548,592</u>

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

	2008 & 2007 No
Directors	<u>6</u>

5. DIRECTORS' REMUNERATION

	2008 £	2007 £
Emoluments (including benefits in kind)	441,331	437,532
Pension contributions	74,550	72,510
	<u>£ 515,881</u>	<u>£ 510,042</u>

The amounts paid in respect of the highest paid director are:

	2008 £	2007 £
Emoluments (including benefits in kind)	150,944	147,625
Pension contributions	43,200	42,360
	<u>£ 194,144</u>	<u>£ 189,985</u>

In addition, a consultancy fee amounting to £21,471 (2007 - £84,084) was paid to a company in which a director has an interest.

Payments were made to a defined contribution scheme on behalf of five directors (2007 - five).

6. EXCEPTIONAL ITEMS

	2008 £	2007 £
Waiver of intercompany debt	-	2,099,626
Impairment of investment in subsidiary	-	(288,457)
	<u>£ -</u>	<u>£ 1,811,169</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
Bank loan and overdraft	<u>£ 126,982</u>	<u>£ 133,393</u>

8. TAXATION charge based on the profit for the year comprises:

	2008 £	2007 £
<i>UK corporation tax:</i>		
Group charge for losses surrendered	21,000	13,000
Overprovision in prior year	-	(194)
	<u>£ 21,000</u>	<u>£ 12,806</u>

The tax charge for the year is lower than the amount which would be anticipated by applying the company's tax rate of 21% to its profits, due to group relief received.

9. DIVIDENDS

	2008	2007
£nil per Ordinary share paid (2007 - 16.67p)	<u>£ -</u>	<u>£ 50,000</u>

10. TANGIBLE FIXED ASSETS

	Land & buildings £
COST	
At 1 January 2008	797,270
Additions	13,857
At 31 December 2008	<u>811,127</u>
DEPRECIATION	
At 1 January 2008	3,737
Charge for year	10,930
At 31 December 2008	<u>14,667</u>
Net books amounts at:	
31 December 2008	<u>£ 796,460</u>
31 December 2007	<u>£ 793,533</u>

11. INVESTMENTS

2008 & 2007

Investment in subsidiary undertakings:
As at 31 December 2008 and 2007

£ 4,750,000

The group undertakings at 31 December 2008 were:

Ross & Bonnyman Group Limited

<i>Country of incorporation:</i>	Scotland
<i>Holding:</i>	Ordinary shares and preference shares
<i>Nature of business:</i>	Dormant
<i>Proportion of shares held:</i>	100%
<i>Aggregate capital and reserves:</i>	£nil
<i>Loss for the year:</i>	£nil

Ross & Bonnyman Limited

<i>Country of incorporation:</i>	Scotland
<i>Holding:</i>	Ordinary shares
<i>Nature of business:</i>	Manufacture and sale of mechanical handling equipment for transportation and distribution markets
<i>Aggregate capital and reserves as at 31 December 2008:</i>	£1,993,458
<i>Loss for the year ended 31 December 2008:</i>	£53,606

12. DEBTORS

	2008	2007
Prepayments	<u>£ 33,185</u>	<u>£ 25,888</u>

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

	2008 £	2007 £
Bank overdraft (Note 15)	668,034	713,856
Bank term loan	222,446	207,549
Other taxes and social security	14,999	20,236
Accruals	46,120	8,671
Directors' loan	44,969	50,000
	<u>£ 996,568</u>	<u>£ 1,000,312</u>

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

	2008 £	2007 £
Amount owed to group undertaking	1,973,004	1,824,444
Bank term loan	568,630	797,157
	<u>£ 2,541,634</u>	<u>£ 2,621,601</u>

The bank term loans are wholly repayable within 5 years.

15. SECURITIES

The bank and loan overdraft is secured by a bond and floating charge over the whole assets of the company. The bank also holds standard securities over the premises at Roberts Street, Forfar and depot and stores at Market Street, Forfar. A cross corporate guarantee for all bank borrowings exists between the company and its subsidiaries, Ross & Bonnyman Group Limited and Ross & Bonnyman Limited.

16. CALLED UP SHARE CAPITAL

	2008 & 2007
Authorised: 1,000,000 Ordinary shares of £0.01 each	<u>£ 10,000</u>
Allotted, called up and fully paid: 300,000 Ordinary shares of £0.01 each	<u>£ 3,000</u>

The company's bankers hold an option to acquire 4% of the issued share capital of the company, exercisable in the event of a sale of the company or business.

17. RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 31 December 2006	3,000	156,982	159,982
Profit for year	-	1,837,526	1,837,526
Dividends	-	(50,000)	(50,000)
At 31 December 2007	<u>3,000</u>	<u>1,944,508</u>	<u>1,947,508</u>
Profit for year	-	93,935	93,935
At 31 December 2008	<u>£ 3,000</u>	<u>£ 2,038,443</u>	<u>£ 2,041,443</u>

18. RELATED PARTY TRANSACTIONS

Control

Throughout the year the company was controlled by the directors.

Transactions

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

Related party	Transaction	£	Creditor balance at year end £
Ross & Bonnyman Limited, a subsidiary company	Management fees - revenue charged to subsidiary	840,000	
	Rental of premises - income	84,000	
	Charge for taxation group relief received	21,000	(1,973,004)
Craig & Company Limited, a company in which F Craig has an interest	Management fees	21,471	-

19. RECONCILIATION OF OPERATING PROFIT TO NET
CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	241,917	1,983,725
Depreciation	10,930	3,737
Provision for impairment	-	288,457
(Increase)/decrease in debtors	(7,297)	2,654,449
Increase/(decrease) in creditors	165,773	1,378,933
Net cash inflow from operating activities	<u>£ 411,323</u>	<u>£ 6,309,301</u>

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

	2008 £	2007 £
Returns on investments and servicing of finance		
Dividends paid	-	(50,000)
Interest paid	(126,982)	(133,393)
Net cash outflow from returns on investment and servicing of finance	<u>£ (126,982)</u>	<u>£ (183,393)</u>
Taxation		
UK Corporation tax paid	-	(29,306)
Payment for group relief received	(21,000)	(13,000)
	<u>£ (21,000)</u>	<u>£ (42,306)</u>
Capital transactions		
Purchase of tangible fixed assets	(13,857)	(797,270)
Purchase of investments	-	(4,750,000)
	<u>£ (13,857)</u>	<u>£ (5,547,270)</u>
Financing		
Short term loan	(5,031)	50,000
Bank loan repayments	(213,630)	(1,114,774)
Net cash outflow from financing	<u>£ (218,661)</u>	<u>£ (1,064,774)</u>

21. ANALYSIS OF DEBT

	At 31 December 2007 £	Cash flows £	At 31 December 2008 £
Short term loan	(50,000)	5,031	(44,969)
Overdraft	(713,856)	30,823	(683,033)
Debt due after more than one year	(797,157)	228,527	(568,630)
Debt due within one year	(207,549)	(14,897)	(222,446)
	<u>£ (1,768,562)</u>	<u>£ 249,484</u>	<u>£ (1,519,078)</u>