Company No: 00092181

The Northampton Machinery Company Limited

Annual Report

Year ended 31 December 2005

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Company Information

Director	R F Hancox
Secretary	D M Hancox
Registered office	Vines Lane Droitwich Worcestershire WR9 8LU
Registered number	00092181
Auditors	RSM Robson Rhodes LLP Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU
Solicitors	Eversheds 115 Colmore Row Birmingham B3 3AL

Report of the Director

The director presents his report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company during the year has been the licensing of technology for the manufacture of machinery for the power and communication cable industries.

Business review and future developments

The business continues to perform satisfactorily. The director will continue to seek new opportunities.

Results and dividends

The profit for the year after tax amounted to £192,386 (2004: £94,660).

There were no interim or final dividends paid during the year (2004: none). The profit for the year has been transferred to reserves.

Director

The present director of the company is set out on page 1.

The director did not have any interest in the shares of the company throughout the year. The interests of the director in the shares of the company's ultimate parent undertaking, Inter Rested Limited, are shown in that company's financial statements.

Statement of director's responsibilities for the financial statements

The director is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the director to prepare financial statements 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 financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Report of the Director

(Continued)

Auditors

The auditors, RSM Robson Rhodes LLP, are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 21 March 2006 and signed on its behalf by:

R F HANCOX
Director

Independent Auditors' Report to the Shareholders of The Northampton Machinery Company Limited

We have audited the financial statements on pages 5 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you if, in our opinion, the Director's 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 director's remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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.

Opinion
In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes LLP

RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors
Birmingham, England
21 March 2006

Profit and Loss Account

for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover –continuing operations	2	78,227	54,509
Cost of sales		-	-
Gross profit		78,227	54,509
Administrative expenses		140,578	(77,788)
Operating profit/(loss)	3	218,805	(23,279)
Net interest	6	42,147	20,607
Profit/(loss) on ordinary activities before taxation		260,952	(2,672)
Taxation on profit/(loss) on ordinary activities	7	(68,566)	97,332
Retained profit for the year	12	192,386	94,660

Statement of Total Recognised Gains and Losses

For the year ended 31 December 2005

	2005 £	2004 £
Profit on ordinary activities after taxation	192,386	94,660
Actuarial gains and losses on pension scheme	-	-
Total recognised gains and losses	192,386	94,660

Balance Sheet

at 31 December 2005

	Note	2005 £	2004 £
Current assets			
Debtors	8	166,507	338,477
Investments	9	87,481	683,611
Cash at bank and in hand		1,201,109	361,589
		1,455,097	1,383,677
Creditors: Amounts falling due within one year	10	(32,759)	(153,725)
Net current assets		1,422,338	1,229,952
Net assets excluding pension deficit/assets		1,422,338	1,229,952
Pension deficit / asset	14	-	-
Net assets		1,422,338	1,229,952
Capital and reserves			
Called up share capital	11	196,798	196,798
Share premium account	12	1,910,900	1,910,900
Profit and loss account	12	(685,360)	(877,746)
Shareholders' funds		1,422,338	1,229,952

The financial statements were approved by the Board on 21 March 2006 and signed on its behalf by:

R F HANCOX
Director

Notes to the Financial Statements

31 December 2005

1. ACCOUNTING POLICIES

Basis of accounting
The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Deferred taxation
Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 19 deferred tax is not provided on timing differences arising from gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Foreign currencies
Transactions in foreign currencies are recorded at the exchange rate ruling at the date that the transaction occurred. Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at 31 December. Exchange differences are taken to the profit and loss account.

Pensions
The company accounts for the defined benefit scheme in accordance with FRS 17.

The operating profit is charged with the cost of providing pension benefits earned by employees in the period.

The expected return on pension scheme less the interest on pension scheme liabilities is shown as a finance cost within the profit and loss account.

Actuarial gains and losses arising in the period from the difference between the actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the changes in assumptions are included in the Statement of Total Recognised Gains and Losses.

Recoverable pension surpluses and pension scheme deficits and the associated deferred tax balances are recognised in full and included in the balance sheet.

The company also operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Notes to the Financial Statements

31 December 2005

1. ACCOUNTING POLICIES (continued)

Cash flow statement

The company has taken advantage of the exemption allowed under Financial Reporting Standard No. 1 (Revised) not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a UK parent undertaking.

Royalty income

The company accrues for royalty income over the period to which that income relates.

2. TURNOVER

Turnover represents the amounts derived from the provision of goods and services stated net of value added tax.

3. OPERATING PROFIT/(LOSS)

Operating profit /(loss) is arrived at after charging:

	2005 £	2004 £
Auditors' remuneration - audit	1,000	1,000
Operating lease charges - plant	1,868	6,715

4. DIRECTOR'S EMOLUMENTS

No directors emoluments were paid in the year (2004 : £Nil). There were no company contributions to money purchase pension schemes on behalf of the director (2004 : £Nil).

Notes to the Financial Statements

31 December 2005

5. STAFF COSTS

The average weekly number of employees, including directors, during the year was:

	2005 No	2004 No.
Sales, administration and distribution	-	1
Manufacturing	-	-
	-	1

The aggregate payroll costs of these persons were as follows:

	2005 £	2004 £
Wages and salaries	-	20,238
Social security	-	3,412
Other pension costs	-	(6,724)
	-	16,926

6 NET INTEREST

	2005 £	2004 £
Interest payable		
On bank overdraft	-	(673)
Interest receivable		
On corporate bonds	11,528	13,395
On bank deposits	30,619	7,885
	42,147	21,280
Total net interest	42,147	20,607

Notes to the Financial Statements

31 December 2005

7. TAXATION

Taxation charge/(credit) for the year

The taxation charge/ (credit) for the year is analysed below:

	2005	2004
	£	£
Current year		
Group relief	70,160	-
Adjustment in respect of prior years		
Group relief	(564)	(97,332)
Corporation tax	(1,030)	-
	68,566	(97,332)

Current tax reconciliation	2005	2004
Reconciliation of tax charge/(credit)		
Effective rate of current tax on profit on ordinary activities	27%	-
Standard rate of tax	30%	(30%)
Difference	3%	(30%)

Tax reconciliation	2005	2004
Explanation of difference		
Other Non deductible and non taxable items	3%	(30%)
Total	3%	(30%)

DEFERRED TAXATION	Amounts provided		Amounts unprovided	
	2005	2004	2005	2004
	£	£	£	£
Capital allowances	-	-	-	-
Other timing differences	-	-	-	-
	-	-	-	-

Notes to the Financial Statements

31 December 2005

8. DEBTORS

	2005 £	2004 £
Other debtors	138,171	238,414
Prepayments and accrued income	600	2,731
Group relief receivable	27,736	97,332
	166,507	338,477

Included in other debtors is an amount of £110,671 (2004: £173,186) which is due after more than 12 months

9. INVESTMENTS

	2005 £	2004 £
Corporate bonds at cost	87,481	403,888
Other short term deposits	-	279,723
	87,481	683,611

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Payment received in advance	-	24,673
Trade creditors	-	26,484
Other taxation and social security	2,719	1,842
Amounts owed to group undertakings	26,400	26,053
Other creditors	-	67,244
Accruals and deferred income	3,640	6,400
Corporation tax	-	1,029
	32,759	153,725

Notes to the Financial Statements

31 December 2005

11. SHARE CAPITAL

	2005 £	2004 £
Authorised		
Equity		
Ordinary shares of £1 each	5,175	5,175
Deferred shares of £1 each	187,325	187,325
Preference shares of £1 each	7,500	7,500
	200,000	200,000
Allotted, called up and fully paid		
Equity		
Ordinary shares of £1 each	1,973	1,973
Deferred shares of £1 each	187,325	187,325
Preference shares of £1 each	7,500	7,500
	196,798	196,798

FRS 25 "Financial Instruments – presentation and disclosure" is applicable for the first time for the year ended 31 December 2005. The 7,500 preference shares of £1 each remain classified as equity, as there is no obligation to pay fixed cumulative preference dividends or redeem the shares. The preference shares carry no voting rights

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share premium £	Share capital £	Profit and loss account £	Total £
At 1 January 2005	1,910,900	196,798	(877,746)	1,229,952
Retained profit for the year	-	-	192,386	192,386
At 31 December 2005	1,910,900	189,298	(685,360)	1,422,338

13. CONTINGENT LIABILITIES

The company together with its holding company and fellow subsidiary companies is party to a group banking arrangement which includes multilateral cross guarantees. At 31 December 2005, the contingent liability under this arrangement was £2,924,000 (2004: £3,228,000).

Notes to the Financial Statements

31 December 2005

14. PENSIONS

The company formerly operated a defined benefit pension scheme. The scheme was closed to new entrants and to future service accrual on 5 November 2000. It was replaced by a defined contribution pension scheme. At the last actuarial valuation at 5 April 2003, the market value of the Scheme's assets was £3,446,500 and the ongoing funding level was 101.6%.

Contributions to the defined contribution scheme are charged to the profit and loss account in the period in which they fall due. The pension cost credit for the year ended 31 December 2005 was £Nil (2004: charge £6,724).

Benefits are calculated on an equivalent projected unit method. The principal assumptions made in determining the liabilities of the schemes are: Base pension amount increases 2.7% (2004 : 2.9% and 2003 : 3%), pension in payment increases 3% (2004 and 2003: 3%), discount rate 5.0% (2004: 5.5%, 2003: 5.4%). The scheme assets are invested in deferred annuities.

The assets and liabilities of the schemes comprise:

Group	**2005** **£'000**	**2004** **£'000**	**2003** **£'000**
Fair value of scheme assets	1,178	856	817
Present value of scheme liabilities	(1,178)	(856)	(817)
Surplus / deficit at 31 December	-	-	-

15. RELATED PARTY DISCLOSURE

At 31 December 2005, the company was a wholly owned subsidiary of Inter Rested Limited, and is therefore exempt from making disclosures under paragraph 3(c) of FRS 8 "Related Party Transactions".

16. ULTIMATE HOLDING COMPANY

The ultimate holding company is Inter Rested Limited, a company incorporated in England. Copies of the Inter Rested Limited accounts are available from Companies House, Crown Way, Cardiff, CF4 3HZ.