**George Cole Technologies Limited**

# Directors' report and financial statements

Registered number 605214

31 March 2008

# Contents

# Directors' report

The directors present their annual report and the audited financial statements for the period to 31 March 2008.

**Change of accounting period**

On 21 November 2007, the company changed its accounting reference date from 31 October to 31 March and these accounts therefore cover the seventeen month period from 1 November 2006 to 31 March 2008.

**Principal activities**

The principal activities of the company comprise the manufacture and supply of impregnated composite materials used for the manufacture of composite tooling and components.

**Business review**

On 21 November 2007, Advanced Composites Group Limited acquired the entire issued share capital of the company.

Profits for the seventeen months to 31 March 2008 were £258,000 *(year to 31 October 2006: £27,000)*. During the seventeen months to 31 March 2008, dividends of £74,000 *(year to 31 October 2006: £65,000)* were paid.

The directors consider the state of the company's affairs to be satisfactory. Trading has continued to improve, with sales and operating profits increasing.

The company is exposed to risks associated with the markets in which it operates and attributable to the wider social and economic environment. The company's performance could be adversely affected if conditions in the marketplace deteriorate. The company also faces risks specific to its trading activities, such as the potential loss of major customers or suppliers or raw material shortages. The company continues to maximise service levels and conduct business with integrity in order to minimise such risks.

George Cole Technologies Limited is a wholly owned subsidiary of Umeco plc, trading under the name Advanced Composites Group (Manchester) Limited and the detailed business review can be found on page 19 of Umeco plc's annual report.

**Research and development**

The directors consider that the future of the company depends upon the technical superiority of its products and service and they are committed to enhancing this superiority by continuing programmes of research and development.

**Directors**

The current directors of the company and those who held office during the period are as follows:

| | |
|---|---|
| C J Snowdon | appointed 21 November 2007 |
| SE Cole | resigned 21 November 2007 |
| JL Cole | resigned 21 November 2007 |
| JRS Cox | resigned 21 November 2007 |
| LG Hicks | resigned 21 November 2007 |
| JP Mabbitt | appointed 21 November 2007 |
| M Malitskie | appointed 21 November 2007 |
| AB Moss | appointed 21 November 2007 |
| DG Robertson | appointed 21 November 2007 |

No director had any interest in the shares of the company at 31 March 2008.

# Directors' report *(continued)*

**Employees**

Employee participation and involvement in matters which affect their interests continues to be developed. Equal consideration is given to applications for employment from disabled people, having regard to their particular aptitudes and abilities.

**Health, safety and the environment**

The company has a continuing commitment to health and safety issues. A positive stance is maintained towards environmental issues and the company is committed to compliance with all applicable laws and regulations.

**Payment policy**

It is the company's normal procedure to agree terms of transactions, including payment patterns, with suppliers in advance and to adhere to those terms when making payment. At 31 March 2008, the company had 70 days purchases outstanding in creditors *(2006: 71 days).*

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the board

Steve J Bowers

**SJ Bowers**
*Company Secretary*

Concorde House
24 Warwick New Road
Leamington Spa
Warwickshire
CV32 5JG

28 January 2009

# 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 period. 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).

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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.

# Independent auditors' report to the members of George Cole Technologies Limited

We have audited the financial statements of George Cole Technologies Limited for the seventeen month period ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 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**
The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' 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 judgments made by the directors 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.

# Independent auditors' report to the members of George Cole Technologies Limited *(continued)*

**Opinion**
In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the seventeen month period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

**KPMG Audit Plc**
*Chartered Accountants*
*Registered Auditor*
*2 Cornwall Street*
*Birmingham*
*B3 2DL*

28 January 2009

## Profit and loss account
***for the seventeen month period to 31 March 2008***

| | *Note* | **Seventeen months to 31 March 2008 £000** | Year to 31 October 2006 £000 |
|---|---|---|---|
| **Turnover** | *2* | **7,558** | 4,239 |
| Cost of sales | | **(5,510)** | (3,368) |
| **Gross profit** | | **2,048** | 871 |
| Administrative expenses | | **(1,569)** | (823) |
| **Operating profit** | | **479** | 48 |
| Interest payable and similar charges | *3* | **(14)** | (2) |
| **Profit on ordinary activities before taxation** | *4* | **465** | 46 |
| Tax on profit on ordinary activities | *7* | **(207)** | (19) |
| **Profit for the period** | *17* | **258** | 27 |

In both the current and preceding periods, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or preceding periods other than those disclosed in the profit and loss account.

**Balance sheet**
***as at 31 March 2008***

| | Note | | 31 March 2008 | | 31 October 2006 |
|---|---|---|---|---|---|
| | | **£000** | **£000** | £000 | £000 |
| **Fixed assets** | | | | | |
| Tangible assets | *10* | | **1,769** | | 1,835 |
| Investments | *9* | | **-** | | - |
| | | | **1,769** | | 1,835 |
| **Current assets** | | | | | |
| Stocks | *11* | **487** | | 569 | |
| Debtors | *12* | **810** | | 960 | |
| Cash at bank and in hand | | **631** | | 137 | |
| | | **1,928** | | 1,666 | |
| **Creditors:** amounts falling due within one year | *13* | **(1,183)** | | (972) | |
| **Net current assets** | | | **745** | | 694 |
| **Total assets less current liabilities** | | | **2,514** | | 2,529 |
| **Creditors:** amounts falling due after more than one year | *14* | | **(12)** | | (125) |
| **Provisions for liabilities and charges** | *15* | | **(90)** | | (90) |
| **Net assets** | | | **2,412** | | 2,314 |
| **Capital and reserves** | | | | | |
| Called up share capital | *16* | | **598** | | 598 |
| Share premium account | *17* | | **46** | | 46 |
| Capital redemption reserve | *17* | | **-** | | - |
| Revaluation reserve | *17* | | **726** | | 812 |
| Profit and loss account | *17* | | **1,042** | | 858 |
| | *18* | | **2,412** | | 2,314 |

These financial statements were approved by the board of directors on 28 January 2009 and were signed on its behalf by:

Chris Snowdon

**C J Snowdon**
*Director*

# Notes
*(forming part of the financial statements)*

## 1 Accounting policies

***Basis of accounting***

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

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Under the provisions of Section 228 of the Companies Act 1985, the company is not required to present consolidated financial statements incorporating its subsidiary companies. The accounts as presented represent the information of the company as an individual undertaking only.

As the company is a wholly owned subsidiary of Umeco plc, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

***Cash flow statement***

Under FRS1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own consolidated financial statements.

***Turnover***

Turnover represents sales, excluding value added tax.

***Fixed assets and depreciation***

Fixed assets other than freehold land are depreciated over their anticipated useful lives at the following annual rates:

| | |
|---|---|
| Freehold buildings | 2% |
| Plant and machinery | 6.6% to 15% |
| Fixtures and fittings and office equipment | 10% to 20% |
| Motor vehicles | 25% |
| Computer equipment | 20% to 33% |

No depreciation is provided on freehold land.

***Stocks and work in progress***

Stocks and work in progress are valued at the lower of net realisable value and cost. Cost includes attributable overheads where appropriate. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Provision is made for obsolete, slow-moving or defective items as appropriate.

***Investments***

Fixed asset investments are valued at cost except where there is evidence of a permanent diminution in value.

***Deferred taxation***

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

***Research and development***

Expenditure on research and development is written off against profits as incurred.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***Foreign currencies***

Exchange differences are dealt with in the profit and loss account. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction and balances held at the period end are translated at the closing rate at the period end.

***Leases and hire purchase contracts***

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis.

***Pension scheme***

The company operates a defined contribution scheme. Pension cost charges in the financial statements represent contributions payable in the accounting period.

***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

# Notes *(continued)*

## 2 Turnover

| | Seventeen Months to 31 March 2008 £000 | Year to 31 October 2006 £000 |
|---|---|---|
| *Geographical split of turnover is as follows:* | | |
| United Kingdom | **5,622** | 2,742 |
| Rest of Europe | **752** | 661 |
| North America | **44** | - |
| Rest of World | **1,140** | 836 |
| | **7,558** | 4,239 |

## 3 Interest (receivable)/payable and similar (income)/charges

| | Seventeen Months to 31 March 2008 £000 | Year to 31 October 2006 £000 |
|---|---|---|
| Interest receivable on bank balances | **(7)** | (12) |
| Interest payable on bank loans and overdrafts | **14** | 12 |
| Interest payable on finance leases | **7** | 2 |
| | **14** | 2 |

# Notes *(continued)*

## 4 Profit on ordinary activities before taxation

| | | Seventeen Months to 31 March 2008 £000 | Year to 31 October 2006 £000 |
|---|---|---|---|
| Depreciation | - owned assets | **207** | 114 |
| | - leased assets | **12** | 5 |
| Loss on disposal of tangible fixed assets | | **13** | - |
| Auditors' remuneration | - fees payable to the company's auditors for the audit of the annual accounts | **17** | 15 |
| Operating lease rentals | - plant and machinery | **6** | 4 |

## 5 Remuneration of directors

| | Seventeen Months to 31 March 2008 £000 | Year to 31 October 2006 £000 |
|---|---|---|
| Directors' emoluments | **118** | 206 |

The emoluments of the highest paid director were £65,000 *(2006: £48,000)*. None of the directors accrued any entitlement to pension benefits by virtue of their office with the company.

## 6 Staff numbers and costs

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

| | Seventeen Months to 31 March 2008 Number | Year to 31 October 2006 Number |
|---|---|---|
| Production | **20** | 21 |
| Non-production and administration | **19** | 20 |
| | **39** | 41 |
| | **£000** | £000 |
| ***The aggregate payroll costs of these persons were:*** | | |
| Wages and salaries | **1,243** | 836 |
| Social security costs | **125** | 82 |
| Other pension costs | **11** | 67 |
| | **1,379** | 985 |

## Notes *(continued)*

### 7 Tax on profit on ordinary activities

| | Seventeen Months to 31 March 2008 £000 | Year to 31 October 2006 £000 |
|---|---|---|
| UK taxation charge at 30% *(2006: 19%)* | | |
| - current period *(2006: year)* | 151 | 16 |
| - prior years | 56 | - |
| Total current tax charge | 207 | 16 |
| Deferred tax | | |
| - current period *(2006: year)* | - | 3 |
| | 207 | 19 |

***Factors affecting the tax charge for the period***

| | Seventeen Months to 31 March 2008 £000 | Year to 31 October 2006 £000 |
|---|---|---|
| *Current tax reconciliation:* | | |
| Profit on ordinary activities before tax | 465 | 46 |
| Current tax at 30% *(2006: 19%)* | 140 | 9 |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | - | 10 |
| Capital allowances for the period in excess of depreciation | - | (3) |
| Charges in respect of prior years | 67 | - |
| Total current tax charge | 207 | 16 |

### 8 Dividends

| | Seventeen Months to 31 March 2008 £000 | Year to 31 October 2006 £000 |
|---|---|---|
| Dividends paid on ordinary shares | 74 | 65 |

The dividend paid per ordinary share was £0.12 *(2006: £0.11)*.

## Notes *(continued)*

### 9 Investments

The company owns the entire issued share capital of Advanced Composites Group (Manchester) Limited.

### 10 Tangible fixed assets

| | Freehold land and buildings £000 | Plant and machinery £000 | Fixtures, fittings, office and computer equipment £000 | Motor vehicles £000 | Total £000 |
|---|---|---|---|---|---|
| ***Cost or valuation*** | | | | | |
| At beginning of period | 995 | 2,257 | 274 | 84 | 3,610 |
| Additions | 37 | 121 | 16 | - | 174 |
| Disposals | - | (26) | (38) | (57) | (121) |
| At end of period | 1,032 | 2,352 | 252 | 27 | 3,663 |
| ***Depreciation*** | | | | | |
| At beginning of period | 245 | 1,262 | 221 | 47 | 1,775 |
| Charge | 29 | 159 | 19 | 12 | 219 |
| Disposals | - | (18) | (37) | (45) | (100) |
| At end of period | 274 | 1,403 | 203 | 14 | 1,894 |
| ***Net book value*** | | | | | |
| **At 31 March 2008** | **758** | **949** | **49** | **13** | **1,769** |
| At 31 October 2006 | 750 | 995 | 53 | 37 | 1,835 |

Included in the above are assets held under hire purchase agreement with a net book value of £25,000 *(2006: £21,000)*.

The freehold land and buildings were revalued on an open market basis on 11 May 1993 by external property valuers. The company has followed the transitional arrangements of FRS15 and as such the policy of revaluation on adoption of that standard has not been followed. These assets are included in the accounts at that valuation plus the subsequent cost of additions. If stated at historical cost freehold land and buildings would have had a net book value of £479,000 *(2006: £468,000)*.

The plant and machinery was revalued on 1 November 2005 with an increase in value of £560,000. These assets are included at that valuation plus any subsequent additions less any subsequent disposals. If stated at historical cost plant and machinery would have a net book value of £454,000 *(2006: £502,000)*.

## Notes *(continued)*

### 11 Stocks

| | 31 March 2008 £000 | 31 October 2006 £000 |
|---|---|---|
| Raw materials | **329** | 443 |
| Finished goods | **158** | 126 |
| | **487** | 569 |

### 12 Debtors

| | 31 March 2008 £000 | 31 October 2006 £000 |
|---|---|---|
| ***Amounts due within one year*** | | |
| Trade debtors | **740** | 845 |
| Other debtors | **4** | 22 |
| Prepayments | **66** | 84 |
| Tax recoverable | **-** | 9 |
| | **810** | 960 |

### 13 Creditors: amounts falling due within one year

| | 31 March 2008 £000 | 31 October 2006 £000 |
|---|---|---|
| Trade creditors | **887** | 769 |
| Bank loans | **-** | 27 |
| Amounts owed to group undertakings | **2** | - |
| Corporation tax | **207** | 16 |
| Other taxes and social security | **18** | 48 |
| Accruals and deferred income | **53** | 107 |
| Obligations under hire purchase contracts | **16** | 5 |
| | **1,183** | 972 |

Obligations under hire purchase arrangements are secured on the assets concerned.

## Notes *(continued)*

### 14 Creditors: amounts falling due after more than one year

| | 31 March 2008 £000 | 31 October 2006 £000 |
|---|---|---|
| Bank loans | - | 107 |
| Obligations under hire purchase contracts | 12 | 18 |
| | 12 | 125 |

### 15 Provisions for liabilities and charges

| | Deferred tax £000 |
|---|---|
| At the beginning of period | 90 |
| Credit for period | - |
| **At the end of period** | **90** |

| | 31 March 2008 £000 | 31 October 2006 £000 |
|---|---|---|
| *The deferred tax provision, being the full potential liability, comprises:* | | |
| Accelerated capital allowances | 90 | 90 |
| Other timing differences | - | - |
| | 90 | 90 |

### 16 Called up share capital

| | 31 March 2008 £000 | 31 October 2006 £000 |
|---|---|---|
| ***Authorised*** | | |
| Ordinary shares of £1 each | 750 | 750 |
| ***Allotted, called up and fully paid*** | | |
| Ordinary shares of £1 each | 598 | 598 |

All of the issued shares in the company are held by Advanced Composites Group Limited.

## Notes *(continued)*

### 17 Reserves

| | Share Premium £000 | Capital redemption reserve £000 | Revaluation reserve £000 | Profit and loss account £000 |
|---|---|---|---|---|
| At beginning of period | 46 | - | 812 | 858 |
| Retained profit for period | - | - | - | 258 |
| Dividends | - | - | - | (74) |
| Transfer of depreciation in respect of revalued assets | - | - | (86) | - |
| **At end of period** | **46** | **-** | **726** | **1,042** |

### 18 Reconciliation of movements in shareholders' funds

| | **31 March 2008 £000** | 31 October 2006 £000 |
|---|---|---|
| Profit for the period | **258** | 27 |
| Dividends | **(74)** | (65) |
| Net addition to shareholders' funds | **184** | (38) |
| Opening shareholders' funds | **2,314** | 1,792 |
| Revaluation in the year | **-** | 560 |
| Write back of revaluation provision | **(86)** | - |
| **Closing shareholders' funds** | **2,412** | 2,314 |

# Notes *(continued)*

## 19 Leasing commitments

The minimum annual lease payments to which the company was committed, all of which are non-cancellable operating leases, are analysed to expire as follows:

| | **31 March 2008 Other £000** | 31 October 2006 Other £000 |
|---|---|---|
| Within one year | 3 | - |
| Between two and five years | - | 4 |
| | 3 | 4 |

## 20 Capital commitments

Capital expenditure contracted for at the period end was £15,000 *(2006: £nil).*

## 21 Pension scheme

The company operates two defined contribution pension schemes. The assets of those schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £11,465 *(2006: £66,999).* There were outstanding contributions payable to the funds at the period end of £674 *(2006: £674).*

## 22 Ultimate holding company

The ultimate parent undertaking into which the results of this company are consolidated is Umeco plc, which is incorporated in England and Wales.

Copies of the financial statements of the ultimate parent can be obtained from the address on page 3.