

**BTQ Limited**  
**FINANCIAL STATEMENTS**  
for the year ended  
31 December 2005



# BTQ Limited

## OFFICERS AND PROFESSIONAL ADVISERS

---

### DIRECTORS

P R Warr (Chairman)  
A D Dorrell  
S J Dorrell  
Mrs C I Dorrell  
Mrs A C James

### SECRETARY

A J Ring

### AUDITORS

Baker Tilly  
Chartered Accountants  
1 Georges Square  
Bristol  
BS1 6BP

### BANKERS

Barclays PLC  
Park House  
Newbrick Road  
Stoke Gifford  
Bristol  
BS34 8ZT

### REGISTERED OFFICE

Wathen Street  
Staple Hill  
Bristol  
BS16 5LL

# BTQ Limited

## DIRECTORS' REPORT

---

The directors submit their report and consolidated financial statements of BTQ Limited for the year ended 31 December 2005.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The group's principal activities during the year continued to be the design, manufacture, supply and care of garments for people at work.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £815,000 (2004:£854,000). The directors recommended a dividend amounting to £25,440 during the year, and since the balance sheet date have proposed a final dividend of £101,760 in respect of the year's results.

### DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2005 and their interests in the share capital of the company were as follows:

	<i>Beneficial interests</i>	
	<i>2005</i>	<i>2004</i>
	<i>Number</i>	<i>Number</i>
A D Dorrell	10,694	10,694
Mrs A C James	5,348	5,348
S J Dorrell	-	-
Mrs C I Dorrell	3,202	3,202
P R Warr (Chairman)	100	100

A D Dorrell and Mrs C I Dorrell also jointly held a total interest in a further 2,000 shares in the company which are held in trust. A third party also has a joint interest in this trust.

There were no changes in directors during the year or after the year end.

### CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the group made no political donations but did make various charitable donations totalling £1,320.

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors 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 group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are 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 entity 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 group and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# BTQ Limited

## DIRECTORS' REPORT (*continued*)

---

### AUDITORS

A resolution to appoint Baker Tilly, Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

By order of the Board

AJ.12

Secretary

Date: 15 June 2006

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BTQ LIMITED

---

We have audited the financial statements on pages 5 to 21.

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 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 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 Directors' 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 directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report and Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of 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 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.

### **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 the group's and parent company's affairs at 31 December 2005 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor  
Chartered Accountants  
1 Georges Square  
Bristol  
BS1 6BP

Date: 15-06-06

# BTQ Limited

## GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2005

	<i>Notes</i>	2005 £'000	2004 (Restated) £'000
TURNOVER	2	17,372	19,280
Operating costs		(16,072)	(17,894)
<b>OPERATING PROFIT</b>	3	<b>1,300</b>	<b>1,386</b>
Interest receivable and similar income	4	31	11
Interest payable and similar charges	5	(42)	(48)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,289</b>	<b>1,349</b>
Tax on profit on ordinary activities	8	(474)	(495)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>815</b>	<b>854</b>
Dividends	9	(127)	(108)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	20	<b>688</b>	<b>746</b>

The result for the year arises from the group's continuing operations.

## GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

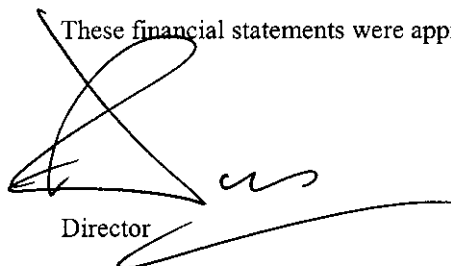
for the year ended 31 December 2005

		2005 £'000	2004 £'000
Profit for the financial year attributable to members of the parent company		815	854
Exchange difference on retranslation of net assets of subsidiary undertakings	20	543	(306)
<b>Total recognised gains and losses relating to the year</b>		<b>1,358</b>	<b>548</b>

**BTQ Limited**  
**GROUP BALANCE SHEET**  
at 31 December 2005

	<i>Notes</i>	2005 £'000	2004 (Restated) £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	875	914
Tangible assets	11	2,901	3,131
		<u>3,776</u>	<u>4,045</u>
<b>CURRENT ASSETS</b>			
Stocks	13	4,475	4,177
Debtors	14	2,534	2,933
Short term investments		-	93
Cash at bank and in hand		1,476	963
		<u>8,485</u>	<u>8,166</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(1,836)</u>	<u>(2,997)</u>
<b>NET CURRENT ASSETS</b>		<u>6,649</u>	<u>5,169</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,425</u>	<u>9,214</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16	<u>(275)</u>	<u>(375)</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	18	<u>(416)</u>	<u>(336)</u>
		<u>9,734</u>	<u>8,503</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	25	25
Capital reserve	20	226	226
Profit and loss account	20	9,483	8,252
<b>EQUITY SHAREHOLDERS FUNDS</b>		<u>9,734</u>	<u>8,503</u>

These financial statements were approved by the directors on 15-6-06 and signed on their behalf by:

  
Director

**BTQ Limited**  
**COMPANY BALANCE SHEET**  
at 31 December 2005

	<i>Notes</i>	2005 £'000	2004 (Restated) £'000
<b>FIXED ASSETS</b>			
Investments	12	<u>4,857</u>	<u>4,857</u>
<b>CURRENT ASSETS</b>			
Debtors	14	662	993
Cash at bank and in hand		<u>613</u>	<u>263</u>
		1,275	1,256
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(1,355)</u>	<u>(1,364)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(80)</u>	<u>(108)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,777</u>	<u>4,749</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	25	25
Profit and loss account	20	<u>4,752</u>	<u>4,724</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>4,777</u>	<u>4,749</u>

These financial statements were approved by the directors on 15-6-06 and signed on their behalf by:

  
Director



**BTQ Limited**  
**GROUP CASH FLOW STATEMENT**  
for the year ended 31 December 2005

	<i>Notes</i>	2005 £'000	2004 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	1,528	2,303
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		31	11
Interest paid		(42)	(48)
		(11)	(37)
TAXATION			
Corporation tax paid		(386)	(553)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(119)	(1,209)
Receipts from sale of tangible fixed assets		106	11
		(13)	(1,198)
ACQUISITIONS AND DISPOSALS			
Purchase of business		-	(538)
		-	(538)
EQUITY DIVIDENDS PAID	9	(127)	(108)
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		991	(131)
FINANCING			
Repayment of capital element of finance leases and hire purchase contracts		(92)	(20)
Movement in bank loans		(126)	8
NET CASH OUTFLOW FROM FINANCING		(218)	(12)
INCREASE/(DECREASE) IN CASH	21	773	(143)

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

---

### 1 ACCOUNTING POLICIES

#### BASIS OF PREPARATION

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

In preparing the financial statements for the current year, the company has adopted FRS 21 'Events after the balance sheet date'.

The adoption of FRS 21 has resulted in a change of accounting policy for dividends declared after the balance sheet date. Where the company declares dividends to shareholders after the balance sheet date, but before the financial statements are issued, the company no longer recognises those dividends as a liability at the balance sheet date.

This change in accounting policy has resulted in a prior year adjustment for the company. Shareholders' funds at 1 January 2005 have been increased by £101,760.

#### BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of BTQ Limited and all its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for BTQ Limited as permitted by section 230 of Companies Act 1985.

#### GOODWILL

Goodwill arising on acquisitions prior to 31 December 1997 was set off directly against reserves. Goodwill previously eliminated against reserves has not been reinstated on implementation of FRS 10.

Positive goodwill arising on acquisitions since 1 January 1998 is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closures.

#### FIXED ASSETS AND DEPRECIATION

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life as follows:

Freehold buildings	-	40-50 years
Plant, equipment and vehicles	-	3-10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### INVESTMENTS

Investments in subsidiary undertakings are recorded at cost. Short term investments, which represent the cash value of insurance policies purchased by subsidiary undertakings together with certain tangible assets held for re-sale, are stated at the lower of cost and net realisable value and depreciated cost respectively.

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 December 2005

---

### 1 ACCOUNTING POLICIES (*continued*)

#### LONG TERM CONTRACTS

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover, the excess is included as a creditor.

#### HIRE PURCHASE

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### FINANCE LEASE AGREEMENTS

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

#### STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### DEFERRED TAXATION

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2005

### 1 ACCOUNTING POLICIES *(continued)*

#### FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities at the balance sheet date are translated at the rate of exchange ruling at the balance sheet date.

On consolidation, the balance sheets of the overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date and the profit and loss accounts are translated at the average rate for the year. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

#### OPERATING LEASES

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### PENSION AND OTHER POST RETIREMENT BENEFITS

Only defined contribution schemes are operated. The assets of these schemes are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

### 2 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is attributable to one continuing activity, the manufacture and supply of garments for people at work:

An analysis of turnover is given below:

	2005	2004
	£'000	£'000
United Kingdom	4,606	5,316
Overseas	12,766	13,964
	<u>17,372</u>	<u>19,280</u>

### 3 OPERATING PROFIT

Operating profit is stated after charging:

	2005	2004
	£'000	£'000
Depreciation of owned fixed assets	585	350
Depreciation of leased assets	121	20
Amortisation of goodwill	61	59
Auditors' remuneration - audit services	20	18
- non-audit services	3	3
Operating lease rentals - plant and machinery	90	41
- land and buildings	33	33
	<u></u>	<u></u>

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 December 2005

### 4 INTEREST RECEIVABLE

	2005	2004
	£'000	£'000
Bank interest	<u>31</u>	<u>11</u>

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£'000	£'000
Bank loans and overdrafts	3	28
Finance charges	13	7
Other interest payable	26	13
	<u>42</u>	<u>48</u>

### 6 DIRECTORS' EMOLUMENTS

	2005	2004
	£'000	£'000
Emoluments (excluding pension contributions)	<u>143</u>	<u>138</u>
Members of defined benefit pension schemes	<u>-</u>	<u>-</u>
Members of defined contribution schemes	<u>-</u>	<u>-</u>

### 7 STAFF COSTS

	2005	2004
	£'000	£'000
Wages and salaries	4,552	4,496
Social security costs	404	406
Other pension costs	85	97
	<u>5,041</u>	<u>4,999</u>

The average number monthly of employees during the year was made up as follows:

	2005	2004
	No	No
Administration	54	55
Production	281	286
	<u>335</u>	<u>341</u>

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 December 2005

### 8 TAX ON PROFIT ON ORDINARY ACTIVITIES

<i>Group</i>	2005 £'000	2004 £'000
UK corporation tax:		
Current tax on income for the year	143	190
Foreign tax:		
Current tax on income for the year	323	322
Total current tax	<u>466</u>	<u>512</u>
Deferred tax:		
Movement in year (note 18)	8	(17)
	<u>474</u>	<u>495</u>

Factors affecting the tax charge for the year:

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	<u>1,289</u>	<u>1,349</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30.00% (2004: 30.00%)	387	405
Effect of:		
Marginal rate relief	(6)	(1)
Disallowed expenses and non-taxable income	(21)	36
Depreciation in excess of capital allowances, and other short term timing differences	25	(32)
Adjustments in respect of previous years	(6)	2
Tax differential on overseas earnings	87	102
Current tax charge for the year	<u>466</u>	<u>512</u>

### 9 DIVIDENDS

	2005 £'000	2004 (Restated) £'000
Equity dividends on ordinary shares:		
Final dividend in respect of 2004	102	83
Interim dividend in respect of 2005	25	25
	<u>127</u>	<u>108</u>

Since the balance sheet date the directors have proposed dividends totalling £101,760 in respect of the year's results. Those dividends are not recognised as a liability at the balance sheet date (see Note 1 'Accounting policies').

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 December 2005

### 10 INTANGIBLE FIXED ASSETS

<i>Group</i>	<i>Goodwill</i> £'000
Cost:	
At 1 January 2005	1,170
Adjustment (see below)	(24)
Foreign exchange	56
At 31 December 2005	<u>1,202</u>
Amortisation:	
At 1 January 2005	256
Foreign exchange	10
Provided in the year	61
At 31 December 2005	<u>327</u>
Net book value:	
At 31 December 2005	<u>875</u>
At 31 December 2004	<u>914</u>

The adjustment to goodwill results from management's review of the assets acquired following the acquisition of the net assets of Werner Works Inc. in 2004, and a consequential write up in stock values of £24,000.

### 11 TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Freehold land and buildings</i> £'000	<i>Plant, equipment and vehicles</i> £'000	<i>Total</i> £'000
Cost:			
At 1 January 2005	1,731	4,143	5,874
Exchange adjustments	145	366	511
Additions	105	14	119
Disposals	(256)	(36)	(292)
At 31 December 2005	<u>1,725</u>	<u>4,487</u>	<u>6,212</u>
Depreciation:			
At 1 January 2005	339	2,404	2,743
Exchange adjustments	34	14	48
Charge for the year	58	648	706
Disposals	(168)	(18)	(186)
At 31 December 2005	<u>263</u>	<u>3,048</u>	<u>3,311</u>
Net book value			
At 31 December 2005	<u>1,462</u>	<u>1,439</u>	<u>2,901</u>
At 31 December 2004	<u>1,392</u>	<u>1,739</u>	<u>3,131</u>

Freehold land and buildings includes £375,000 (2004: £375,000) in respect of land which is not depreciated.

Included within the above are assets with a total net book value of £185,000 (2004: £300,000) that are held under hire purchase or finance lease agreements.

#### *Company*

The company held no tangible fixed assets during the year or at the year end.

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*)

for the year ended 31 December 2005

### 12 INVESTMENTS

<i>Company</i>	<i>Subsidiary undertakings £</i>
Cost and net book value: At 1 January 2005 and 31 December 2005	<u>4,857</u>

The company has shareholdings (either direct or indirect) at 31 December 2005 in the following wholly owned subsidiary undertakings:

Company	Registered	Class of Share	Business
BTQ Holdings Limited	England and Wales	Ordinary	Holding company
Bristol Uniforms Limited	England and Wales	Ordinary	Garment supply
Bufire Overseas Limited @	England and Wales	Ordinary	Dormant
Bristol Care Limited @	England and Wales	Ordinary	Dormant
BTQ Inc	Kentucky	Common	Holding company
Topps Safety Apparel Inc *	Kentucky	Common	Garment supply
Bristol Fire Apparel Inc *	Indiana	Common	Garment supply
Quaker Safety Products Corporation *	Pennsylvania	Common	Garment supply

\* Held by BTQ Inc.

@ Held by Bristol Uniforms Limited

### 13 STOCKS

<i>Group</i>	2005 £'000	2004 £'000
Raw materials and consumables	1,748	1,610
Work in progress	1,565	715
Finished goods	1,162	1,822
Demonstration stock	-	30
	<u>4,475</u>	<u>4,177</u>

The difference between purchase price or production cost of stocks and their replacement costs is not material.

The company held no stocks during the year or at the year end.



# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*)

for the year ended 31 December 2005

### 14 DEBTORS

<i>Group</i>	2005 £'000	2004 £'000
Trade debtors	2,098	2,642
Other debtors	8	18
Prepayments and accrued income	351	229
Deferred tax asset (note 18)	77	44
	<u>2,534</u>	<u>2,933</u>
 <i>Company</i>	 2005 £'000	 2004 £'000
Amounts owed by group undertakings	658	989
Other debtors	4	4
	<u>662</u>	<u>993</u>

The deferred tax asset is recoverable after more than one year.

### 15 CREDITORS: Amounts falling due within one year

<i>Group</i>	2005 £'000	2004 (Restated) £'000
Current instalment due on bank loan (note 17)	-	125
Bank overdrafts	-	260
Finance leases	87	82
Trade creditors	745	1,668
UK corporation tax	186	146
Other taxes and social security costs	66	119
Accruals and deferred income	752	597
	<u>1,836</u>	<u>2,997</u>

A US subsidiary company has two lines of credit totalling US\$2m with a bank limited to specified trade debtors and stock of which US\$181,190 was outstanding at the year end. Borrowings against this line of credit bear interest at the US prime rate less 0.75% which are secured against debtors, stock and equipment and are repayable on demand.

Another of the US subsidiaries has a line of credit of US\$0.5m available to it which incurs an interest charge at the US prime rate. No borrowings had been made against this line of credit at 31 December 2005. Any borrowings are secured against the company's assets.

<i>Company</i>	2005 £'000	2004 (Restated) £'000
Bank overdrafts	-	-
Amounts owed to group undertakings	1,333	1,333
UK corporation tax	9	2
Accruals and deferred income	13	29
	<u>1,355</u>	<u>1,364</u>

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 December 2005

### 16 CREDITORS: Amounts falling due after more than one year

<i>Group</i>	2005 £'000	2004 £'000
Bank loans (note 17)	-	-
Accruals and deferred income	19	22
Finance leases	256	353
	<u>275</u>	<u>375</u>

### 17 BORROWINGS

<i>Group</i>	2005 £'000	2004 £'000
<b>Loans</b>		
Wholly repayable within five years:		
Bank loan	-	125
Less: included in creditors: amounts falling due within one year	-	125
	<u>-</u>	<u>-</u>
Amounts repayable:		
In one year or less, or on demand	-	125
In more than one year but no more than two years	-	-
	<u>-</u>	<u>125</u>

Included within loans as at 31 December 2004 were short term notes payable totalling US\$60,029 which related to vehicles held by a US subsidiary. These notes were secured against the underlying assets and bore interest at 8%. There were no corresponding loans as at 31 December 2005.

Additionally, the Group is party to a number of finance lease agreements which incur interest at variable rates and are secured against the underlying assets. They are due for repayment as follows:

	2005 £'000	2004 £'000
Amounts falling due within one year	87	82
In two to five years	256	353
	<u>343</u>	<u>435</u>

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2005

### 18 PROVISIONS FOR LIABILITIES AND CHARGES

#### *Group*

<b>Deferred taxation</b>	2005 £'000	2004 £'000
At 1 January	292	415
Exchange and other adjustments	39	(105)
Transfer from/(to) profit and loss account	8	(18)
	<u>339</u>	<u>292</u>
Included in debtors	77	44
As at 31 December	<u>416</u>	<u>336</u>

Deferred taxation provided in the accounts and the full potential liability consists of:

	2005 £'000	Provided 2004 £'000
Accelerated capital allowances	(20)	-
Short term timing differences	(47)	(44)
Overseas short term timing differences	406	336
	<u>339</u>	<u>292</u>

#### *Company*

<b>Provision for deferred tax:</b>	2005 £'000
At 1 January 2005	(4)
Provided during the year	4
Adjustment made in respect of previous years	-
At 31 December 2005	<u>-</u>

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 December 2005

### 19 SHARE CAPITAL

	2005 & 2004 £'000
<i>Authorised</i>	
50,000 (2004: 50,000) Ordinary shares of £1 each	50
	2005 & 2004 £'000
<i>Allotted, called up and fully paid</i>	
25,440 (2004: 25,440) Ordinary shares of £1 each	25

### 20 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

<i>Group</i>	Share capital £'000	Capital reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2004 (as previously reported)	25	226	-	7,729	7,980
Prior year adjustment (see Note 1)	-	-	-	83	83
At 1 January 2004 (restated)	25	226	-	7,812	8,063
Profit for the year (restated)	-	-	-	746	746
Exchange adjustments	-	-	-	(306)	(306)
At 1 January 2005 (restated)	25	226	-	8,252	8,503
Profit for the year	-	-	-	688	688
Exchange adjustments	-	-	-	543	543
At 31 December 2005	25	226	-	9,483	9,734
<i>Company</i>				Profit and loss account £'000	Total shareholders' funds £'000
	Share capital £'000				
At 1 January 2004 (as previously reported)	25			3,207	3,232
Prior year adjustment (see Note 1)	-			83	83
At 1 January 2004 (restated)	25			3,290	3,315
Profit for the year	-			1,542	1,542
Dividends (restated)	-			(108)	(108)
At 1 January 2005 (restated)	25			4,724	4,749
Profit for the year	-			155	155
Dividend	-			(127)	(127)
At 31 December 2005	25			4,752	4,777

As permitted by section 230 of Companies Act 1985 the profit and loss account of the parent company is not presented as part of these accounts. The profit on ordinary activities after taxation for the financial year dealt with in the accounts of the company amounted to £155,000.

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 December 2005

### 21 CASH FLOW STATEMENT

#### a) Reconciliation of operating profit to net cash inflow from operating activities

	2005 £'000	2004 £'000
Operating profit	1,300	1,386
Depreciation charges	706	370
Amortisation of goodwill	61	59
Movement in stocks	(298)	223
Movement in debtors	432	(109)
Movement in creditors	(824)	412
Movement in short term investments	93	(93)
Exchange loss	58	55
Net cash inflow from operating activities	<u>1,528</u>	<u>2,303</u>

#### b) Reconciliation of net cash flow to movement in net cash

	2005 £'000	2004 £'000
Increase/(decrease) in cash	773	(143)
Cash outflow/(inflow) from movement in loans	126	(8)
Repayment of capital element of finance leases and hire purchase contracts	92	20
Change in net cash resulting from cash flows	<u>991</u>	<u>(131)</u>
New finance lease and hire purchase contracts	-	(456)
Exchange differences	-	(1)
MOVEMENT IN NET CASH	<u>991</u>	<u>(588)</u>
NET CASH AT 1 JANUARY	<u>142</u>	<u>730</u>
NET CASH AT 31 DECEMBER	<u>1,133</u>	<u>142</u>

#### c) Analysis of net cash

	At 1 January 2005 £'000	Cash flow £'000	At 31 December 2005 £'000
Cash at bank and in hand	963	513	1,476
Bank overdrafts	(260)	260	-
Cash	<u>703</u>	<u>773</u>	<u>1,476</u>
Loans	(126)	126	-
Finance lease and hire purchase contracts	(435)	92	(343)
	<u>142</u>	<u>991</u>	<u>1,133</u>

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 December 2005

---

### 22 CAPITAL COMMITMENTS

Amount contracted for but not provided in the group financial statements amounted to £nil (2004: £nil).

### 23 OPERATING LEASE COMMITMENTS

At 31 December 2005 the group had annual commitments under non-cancellable operating leases set out below:

	Land and Buildings		Other	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Leases expiring:				
Within one year	-	-	39	17
In two to five years	35	32	25	17
In over five years	-	-	-	-
	<u>35</u>	<u>32</u>	<u>64</u>	<u>34</u>

### 24 PENSION SCHEMES

The group operates two pension schemes.

In the UK a defined contribution scheme is operated. The assets of the scheme are held separately from those of the group. The contributions to the scheme are charged to the profit and loss account as they become payable.

The US trading subsidiary operates an elective contribution plan, in which the subsidiary contributes an amount of 25% of the employees' contributions up to 5% of their compensation.

### 25 CONTINGENT LIABILITIES

A US subsidiary has had a product liability lawsuit brought against it specifying an asbestos related liability. As the company has never manufactured any product containing asbestos, management believe the claim is without merit and therefore has not provided any sums with regard to this claim.