

**Atco-Qualcast Limited**  
**Annual report**  
**for the year ended 31 December 2005**

**Registered Number 3073491**



# **Atco-Qualcast Limited**

## **Annual report for the year ended 31 December 2005**

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# **Atco-Qualcast Limited**

## **Directors and advisers for the year ended 31 December 2005**

### **Directors**

J C Hallas (appointed 1 May 2005)  
V Pruschke (resigned 31 March 2006)  
P Loeffler (appointed 1 April 2006)  
B Gleissner  
T Ringler (resigned 1 May 2005)

### **Secretary and registered office**

R A Ottewell  
Suffolk Works  
Stowmarket  
Suffolk  
IP14 1EY

### **Auditors**

PricewaterhouseCoopers LLP  
Abacus House  
Castle Park  
Cambridge  
CB3 0AN

### **Solicitors**

Eversheds  
Holland Court  
The Close  
Norwich  
NR1 4DX

### **Bankers**

Barclays Bank plc  
Uxbridge Branch  
142 High Street  
Uxbridge  
UB8 1DS

# **Atco-Qualcast Limited**

## **Directors' report for the year ended 31 December 2005**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2005.

### **Principal activities**

The principal activity of the company is the manufacture, procurement and sale of lawnmowers and other gardening equipment.

### **Review of business and future developments**

An operating loss was sustained in a market that remains highly competitive. The product range continues to be innovatively refreshed in order to retain future market position.

### **Financial risk management**

The directors have considered the disclosure requirements of FRS 25 'Financial Instruments: Disclosure and Presentation'. The company's operations expose it to a variety of financial risks that include the effect of credit risk currency risk and interest rate risk.

#### *Credit risk*

The credit risk of the company is not material as all sales flow through the immediate and ultimate controlling party of the company being Robert Bosch GmbH.

#### *Currency risk*

The company procures supplies from across the globe and pays for the goods in a variety of currencies. The company does not use derivatives to manage this risk, and instead relies on using prudent budgeting of future exchange rates when setting pricing.

#### *Interest rate risk*

The company is subject to interest rate risk on its bank loan. The interest rate risk is managed on behalf of the company by its immediate and ultimate controlling party, Robert Bosch GmbH.

### **Research and development**

The company continues to review and develop its product range and invest in research and development projects. Total research and development costs for the year to 31 December 2005 were £2,315,000 (2004: £2,023,000).

### **Dividends**

The directors do not recommend the payment of a dividend (2004: £nil).

### **Directors and their interests**

The directors of the Company who served during the year or were appointed after the year end are listed on Page 1.

The directors had no interests in the company as at 31 December 2005 (2004: £nil).

### **Charitable and political donations**

The company did not make any charitable or political donations during the period.

### **Supplier payment policy**

The company policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. The number of supplier days outstanding at the year end, calculated using the prescribed formula, was 69 days (2004: 82 days).

# **Atco-Qualcast Limited**

## **Directors' report for the year ended 31 December 2005 (continued)**

### **Disabled employees**

Full and fair consideration is given to the employment of applicants who are disabled persons, taking account of their aptitudes and abilities. Employees who become temporarily or permanently disabled are retained in employment where practicable and fair regard is given to their training needs, career development and promotion potential

### **Employee consultation**

Regular consultation is encouraged between management and employees at the company's operating location. Employees are kept informed of any relevant information through regular management and employee review meetings.

### **Statement of directors' responsibilities**

The directors are responsible 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).

The directors are responsible for preparing financial statements for each financial period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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 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

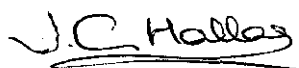
The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 the financial statements 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.

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

### **By order of the Board**



**J C Hallas**  
**Director**

# **Atco-Qualcast Limited**

## **Independent auditors' report to the members of Atco-Qualcast Limited**

We have audited the financial statements of Atco-Qualcast Limited for the period ended 31 December 2005 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.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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.

# **Atco-Qualcast Limited**

## **Independent auditors' report to the members of Atco-Qualcast Limited (continued)**

### **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 company's affairs as at 31 December 2005 and of its loss for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*  
**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
*Cambridge 26 October 2006*

# Atco-Qualcast Limited

## Profit and loss account for the year ended 31 December 2005

|   | Note   | 2005<br>£'000  | (Restated)<br>2004<br>£'000 |
|---|--------|----------------|-----------------------------|
| Turnover  | 2      | 80,907         | 64,992                      |
| Cost of sales   |        | (68,449)       | (51,219)                    |
| <b>Gross profit</b>   |        | <b>12,458</b>  | <b>13,773</b>               |
| Net operating expenses                                      | 4      | (14,887)       | (11,321)                    |
| <b>Operating (loss)/ profit</b>                             |        | <b>(2,429)</b> | <b>2,452</b>                |
| Interest receivable and similar income                      | 5      | 15             | 13                          |
| Interest payable and similar charges                        | 6      | (128)          | -                           |
| Other finance expense                                       | 20     | 157            | 171                         |
| <b>(Loss)/Profit on ordinary activities before taxation</b> | 7      | <b>(2,385)</b> | <b>2,636</b>                |
| Tax on (loss)/ profit on ordinary activities                | 8      | 787            | (797)                       |
| <b>(Loss)/ Profit for the financial year</b>                | 15, 16 | <b>(1,598)</b> | <b>1,839</b>                |

## Statement of total recognised gains and losses for the year ended 31 December 2005

|   | Note | 2005<br>£'000  | (Restated)<br>2004<br>£'000 |
|---|------|----------------|-----------------------------|
| <b>(Loss)/Profit for the financial year</b>                   |      | <b>(1,598)</b> | <b>1,839</b>                |
| Actuarial loss on pension scheme                              |      | (1,740)        | (444)                       |
| Movement on current tax relating to pension liability         |      | 87             | 155                         |
| Movement on deferred tax relating to pension liability        |      | 435            | (22)                        |
| <b>Total recognised gains and losses relating to the year</b> |      | <b>(2,816)</b> | <b>1,528</b>                |
| Prior year adjustment – FRS 17                                | 20   | (4,430)        |                             |
| <b>Total losses recognised since last annual report</b>       |      | <b>(7,246)</b> |                             |

All activities derive from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year as stated above, and their historical cost equivalents.



# Atco-Qualcast Limited

## Balance sheet as at 31 December 2005

|   | Note | 2005<br>£'000   | (Restated)<br>2004<br>£'000 |
|---|------|-----------------|-----------------------------|
| <b>Fixed assets</b>                                   |      |                 |                             |
| Tangible assets                                       | 9    | 7,974           | 5,215                       |
| Investments   | 10   | -               | -                           |
|   |      | <b>7,974</b>    | <b>5,215</b>                |
| <b>Current assets</b>                                 |      |                 |                             |
| Stocks  | 11   | 6,076           | 8,660                       |
| Debtors   | 12   | 17,514          | 9,021                       |
| Cash at bank and in hand                              |      | -               | 3,307                       |
|   |      | <b>23,590</b>   | <b>20,988</b>               |
| <b>Creditors: amounts falling due within one year</b> | 13   | <b>(21,637)</b> | <b>(14,475)</b>             |
| <b>Net current assets</b>                             |      | <b>1,953</b>    | <b>6,513</b>                |
| <b>Net assets excluding pension liability</b>         |      | <b>9,927</b>    | <b>11,728</b>               |
| <b>Pension liability</b>                              | 20   | <b>(5,445)</b>  | <b>(4,430)</b>              |
| <b>Net assets including pension liability</b>         |      | <b>4,482</b>    | <b>7,298</b>                |
| <b>Capital and reserves</b>                           |      |                 |                             |
| Called up share capital                               | 14   | 8,907           | 8,907                       |
| Share premium account                                 | 15   | 975             | 975                         |
| Other reserves  | 15   | -               | (20)                        |
| Profit and loss account                               | 15   | (5,400)         | (2,564)                     |
| <b>Equity shareholders' funds</b>                     | 16   | <b>4,482</b>    | <b>7,298</b>                |

The financial statements on pages 7 to 23 were approved by the board of directors on 23<sup>rd</sup> October 2006 and were signed on its behalf by:



J C Hallas  
Director

# **Atco-Qualcast Limited**

## **Notes to the financial statements for the year ended 31 December 2005**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the board of directors in accordance with Financial Reporting Standard ("FRS") 18, "Accounting Policies", and have been applied consistently, is set out below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Changes in accounting Policy**

The company has adopted FRS 17, 'Retirement benefits', FRS 21, 'Events after the balance sheet date', and FRS 25, 'Financial instruments: disclosure and presentation', in these financial statements. The adoption of these standards represents a change in accounting policy. The adoption of FRS 21 and FRS 25 has not yielded any differences to the results for the year or that of the comparative year. The impact of FRS 17 is reflected within the financial statements.

#### **Basis of consolidation**

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Robert Bosch GmbH, which prepares consolidated financial statements that are publicly available.

#### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is generally recognised when the rights and rewards of ownership of goods have transferred to the customer.

#### **Research and development**

Research and development expenditure is written off to the profit and loss account as incurred.

#### **Cash flow statement**

The company is exempt from the requirement of FRS 1 (Revised), "Cash flow statements", to include a cash flow statement as part of its financial statements as the financial statements of its ultimate parent company, Robert Bosch GmbH, are publicly available.

#### **Goodwill**

Historically, goodwill has been eliminated against reserves immediately on acquisition. Where goodwill has not suffered an actual impairment in value, realised reserves are not reduced immediately. Goodwill is written off against unrealised reserves initially and then charged to realised reserves over its useful economic life. In the opinion of the directors the useful economic life of the goodwill acquired is 10 years.

As permitted by FRS 10, "Goodwill and Intangible Assets", goodwill previously written off to reserves has not been reinstated in the balance sheet.

#### **Unrealised dividend income**

Where dividends are received from subsidiaries, which are paid out of profits generated within the group, the income is not recognised in the profit and loss account as it does not constitute realised income. In the opinion of the directors, dividend income received that results from the same transaction that generates the goodwill, should be realised over the same period as the goodwill, that is 10 years.

# Atco-Qualcast Limited

## 1 Principal accounting policies (continued)

### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life, as follows:

|                               |            |
|-------------------------------|------------|
| Plant and machinery           | 3-10 years |
| Fittings, tools and equipment | 1-12 years |

Assets in the course of construction are not depreciated.

### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment in value.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. 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 where appropriate.

### **Deferred taxation**

Deferred taxation is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### **Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

### **Leases**

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

### **Warranty costs**

Costs of rectification and service arising under warranty are charged against profits in the period in which they are incurred. Provision is made at each year end for all anticipated future expenditure based upon all relevant historical sales.

### **Pension costs**

The company operates a defined benefit scheme, which was closed to new members in November 2000. From 1 October 2005 the scheme was closed to future accruals for all members under 60. A defined contribution scheme is available for employees.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. These are incurred as part of staff costs. The actuarial loss is recognised in the statement of recognised gains and losses.

# Atco-Qualcast Limited

## 1 Principal accounting policies (continued)

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For money purchase schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## 2 Turnover

By geographical market:

|                                | 2005<br>£'000 | 2004<br>£'000 |
|--------------------------------|---------------|---------------|
| United Kingdom                 | 52,211        | 40,831        |
| Other European Union countries | 26,792        | 21,744        |
| Asia                           | 204           | 369           |
| Other European countries       | 1,700         | 1,984         |
| Africa                         | -             | 60            |
| Australasia                    | -             | 3             |
| South America                  | -             | 1             |
|                                | 80,907        | 64,992        |

All turnover is attributable to one class of business.

# Atco-Qualcast Limited

## 3 Information regarding directors and employees

The aggregate emoluments of the highest paid director of the company are set out below:

|                      | 2005<br>£'000 | 2004<br>£'000 |
|----------------------|---------------|---------------|
| Aggregate emoluments | 194           | 166           |

The average monthly number of persons (including executive directors) employed by the company during the year was:

|                          | 2005<br>Number | 2004<br>Number |
|--------------------------|----------------|----------------|
| <b>By activity:</b>      |                |                |
| Production               | 259            | 248            |
| Selling and distribution | 41             | 39             |
| Administration           | 52             | 53             |
|                          | 352            | 340            |

|   | 2005<br>£'000 | 2004<br>£'000 |
|---|---------------|---------------|
| <b>Staff costs for the above persons:</b> |               |               |
| Wages and salaries                        | 7,834         | 7,361         |
| Social security costs                     | 616           | 585           |
| Other pension costs (see note 20)         | 810           | 645           |
|   | 9,260         | 8,591         |

## 4 Net operating expenses

|                                   | 2005<br>£'000 | (Restated)<br>2004<br>£'000 |
|-----------------------------------|---------------|-----------------------------|
| Selling and distribution costs    | 9,234         | 6,887                       |
| Administrative expenses           | 3,338         | 2,411                       |
| Research and development expenses | 2,315         | 2,023                       |
|                                   | 14,887        | 11,321                      |

# Atco-Qualcast Limited

## 5 Interest receivable and similar income

|   | 2005<br>£'000 | 2004<br>£'000 |
|---|---------------|---------------|
| Interest receivable from Robert Bosch Finance plc | 15            | 13            |

## 6 Interest payable and similar charges

|  | 2005<br>£'000 | 2004<br>£'000 |
|--|---------------|---------------|
| Interest payable to Robert Bosch Finance plc | (128)         | -             |

## 7 Profit on ordinary activities before taxation

|  | 2005<br>£'000 | 2004<br>£'000 |
|--|---------------|---------------|
| <b>Profit on ordinary activities before taxation is stated after charging:</b> |               |               |
| Depreciation of tangible fixed assets:   |               |               |
| Owned  | 1,922         | 2,172         |
| Rentals under operating leases:  |               |               |
| Property   | 516           | 520           |
| Other  | 142           | 112           |
| Auditors' remuneration:  |               |               |
| Audit fees   | 26            | 28            |
| Non-audit fees   | 34            | 21            |
| Research and development – current year expenditure                            | 2,315         | 2,023         |

# Atco-Qualcast Limited

## 8 Tax on profit on ordinary activities

|   | 2005<br>£'000 | (Restated)<br>2004<br>£'000 |
|---|---------------|-----------------------------|
| <b>Current tax:</b>   |               |                             |
| Group (relief)/charge in respect of:  |               |                             |
| Current year  | (1062)        | 799                         |
| Prior years   | 16            | 32                          |
| <b>Total current tax</b>  | <b>(1046)</b> | <b>831</b>                  |
| <b>Deferred tax:</b>  |               |                             |
| Timing differences, origination and reversal  | 259           | 7                           |
| Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods |               | (41)                        |
| <b>Total deferred tax</b>   | <b>259</b>    | <b>(34)</b>                 |
| <b>Tax on profit on ordinary activities</b>   | <b>(787)</b>  | <b>797</b>                  |

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 30% (2004: 30%). The current year tax charge differs from the standard rate for the reasons set out in the following reconciliation:

|   | 2005<br>£'000 | (Restated)<br>2004<br>£'000 |
|---|---------------|-----------------------------|
| (Loss)/Profit on ordinary activities before tax   | (2,385)       | 2,636                       |
| (Loss)/Profit on ordinary activities multiplied by the standard rate in the UK of 30% (2004: 30%) | (716)         | 791                         |
| Effects of:   |               |                             |
| Expenses not deductible for tax purposes  | 29            | 38                          |
| Accelerated capital allowances  | (104)         | (28)                        |
| Movement in short term timing differences   | -             | 21                          |
| Other timing differences  | (271)         | (23)                        |
| Adjustments to tax charge in respect of previous period   | 16            | 32                          |
| <b>Current tax charge for the period</b>  | <b>(1046)</b> | <b>831</b>                  |

## 8 Tax on profit on ordinary activities (continued)

### Deferred taxation

At the balance sheet date the company had deferred tax (assets) as follows:

|  | 2005<br>£'000  | (Restated)<br>2004<br>£'000 |
|--|----------------|-----------------------------|
| Tax effect of timing differences because of:                           |                |                             |
| Differences between capital allowances and depreciation                | (793)          | (655)                       |
| Other short term timing differences                                    | 363            | (34)                        |
| <b>Deferred tax asset excluding that relating to pension liability</b> | <b>(430)</b>   | <b>(689)</b>                |
| Pension liability  | (2,334)        | (1,899)                     |
| <b>Total deferred tax asset</b>  | <b>(2,764)</b> | <b>(2,588)</b>              |
| At 1 January 2005 as previously reported                               | (689)          |                             |
| Prior year adjustment – FRS 17   | (1,899)        |                             |
| At 1 January 2005 as restated  | (2,588)        |                             |
| Deferred tax credit to the profit and loss account                     | (176)          |                             |
| <b>At 31 December 2005</b>   | <b>(2,764)</b> |                             |

The deferred tax assets have been recognised in these financial statements as an appropriate level of taxable profits is expected to be made in the future against which the asset can be recovered.



# Atco-Qualcast Limited

## 9 Tangible fixed assets

|                                       | Plant and<br>machinery<br>£'000 | Fittings, tools<br>and<br>equipment<br>£'000 | Assets in the<br>course of<br>construction<br>£'000 | Total<br>£'000 |
|---------------------------------------|---------------------------------|--|---|----------------|
| <b>Cost</b>                           |                                 |  |   |                |
| At 1 January 2005                     | 7,459                           | 11,507                                       | 2,390   | 21,356         |
| Additions                             | 367                             | 219  | 4,181   | 4,767          |
| Transfers                             | 654                             | 1,500  | (2,154)   | -              |
| Disposals                             | (506)                           | (121)  | -   | (627)          |
| <b>At 31 December 2005</b>            | <b>7,974</b>                    | <b>13,105</b>                                | <b>4,417</b>  | <b>25,496</b>  |
| <b>Depreciation</b>                   |                                 |  |   |                |
| At 1 January 2005                     | 5,095                           | 11,046                                       | -   | 16,141         |
| Charge for the year                   | 818                             | 1,104  | -   | 1,922          |
| Eliminated in respect of<br>disposals | (447)                           | (94)   | -   | (541)          |
| <b>At 31 December 2005</b>            | <b>5,466</b>                    | <b>12,056</b>                                | <b>-</b>  | <b>17,522</b>  |
| <b>Net book value</b>                 |                                 |  |   |                |
| <b>At 31 December 2005</b>            | <b>2,508</b>                    | <b>1,049</b>                                 | <b>4,417</b>  | <b>7,974</b>   |
| At 31 December 2004                   | 2,364                           | 461  | 2,390   | 5,215          |

## 10 Fixed asset investments

The company holds investments in the following subsidiaries:

| Company                                    | Country of<br>registration or<br>incorporation | Principal<br>activity | Holding                    | %   |
|--|--|-----------------------|----------------------------|-----|
| Arenagrow Limited                          | England &<br>Wales                             | Dormant               | 2 ordinary<br>shares of £1 | 100 |
| Qualcast Equipamentos de Jardinagen<br>Lda | Portugal                                       | Lawnmower<br>testing  | 1,995 Euros                | 100 |

The net book value of the above investments is £nil (2004: £nil).

# Atco-Qualcast Limited

## 11 Stocks

|                                     | 2005<br>£'000 | 2004<br>£'000 |
|-------------------------------------|---------------|---------------|
| Raw materials and consumables       | 3,338         | 2,665         |
| Work in progress                    | 565           | 443           |
| Finished goods and goods for resale | 2,173         | 5,552         |
|                                     | <b>6,076</b>  | <b>8,660</b>  |

In the opinion of the directors, there is no material difference between the balance sheet value of stocks and their replacement cost.

## 12 Debtors

|   | 2005<br>£'000 | 2004<br>£'000 |
|---|---------------|---------------|
| <b>Amounts falling due within one year:</b> |               |               |
| Trade debtors                               | 902           | 146           |
| Amounts owed by group undertakings          | 13,809        | 7,877         |
| Deferred tax asset (see note 8)             | 430           | 689           |
| Other debtors                               | 2,197         | 55            |
| Prepayments and accrued income              | 176           | 254           |
|   | <b>17,514</b> | <b>9,021</b>  |

## 13 Creditors: amounts falling due within one year

|                                    | 2005<br>£'000 | 2004<br>£'000 |
|------------------------------------|---------------|---------------|
| Trade creditors                    | 9,698         | 10,065        |
| Amounts owed to group undertakings | 10,271        | 2,807         |
| Taxation and social security       | 220           | 225           |
| Other creditors                    | 485           | 739           |
| Accruals and deferred income       | 963           | 639           |
|                                    | <b>21,637</b> | <b>14,475</b> |

# Atco-Qualcast Limited

## 14 Called up share capital

|   | 2005<br>£'000 | 2004<br>£'000 |
|---|---------------|---------------|
| <b>Authorised</b>                         |               |               |
| 89,065,790 ordinary shares of 10p each    | 8,907         | 8,907         |
| <b>Allotted, called up and fully paid</b> |               |               |
| 89,065,790 ordinary shares of 10p each    | 8,907         | 8,907         |

## 15 Reserves

|   | Share<br>premium<br>account<br>£'000 | Other<br>reserves<br>£'000 | Profit<br>and loss<br>account<br>£'000 |
|---|--------------------------------------|----------------------------|--|
| At 1 January 2005 as previously reported            | 975                                  | (20)                       | 1,866                                  |
| Prior year adjustment – FRS17                       |                                      |                            | (4,430)                                |
| At 1 January 2005 as re-stated                      | 975                                  | (20)                       | (2,564)                                |
| Loss for the financial year                         |                                      |                            | (1,598)                                |
| Actuarial loss on pension scheme                    |                                      |                            | (1,740)                                |
| Movement on current tax relating to pension scheme  |                                      |                            | 87                                     |
| Movement on deferred tax relating to pension scheme |                                      |                            | 435                                    |
| Transfer of realised impairment in goodwill         |                                      | 1,086                      | (1,086)                                |
| Transfer of realised gain on dividend income        |                                      | (1,066)                    | 1,066                                  |
| <b>At 31 December 2005</b>                          | <b>975</b>                           | <b>-</b>                   | <b>(5,400)</b>                         |

Included in other reserves are the following amounts arising from the 1995 group reconstruction:

- i) Goodwill of £16,318,000 arising on the acquisition of the trade and assets of Beachshow Limited. This was increased by £9,000 during 1996 following a revised valuation of the corporation tax liability acquired.
- ii) Dividend income of £15,990,000 received from AQ Holdings Limited arising from the profit made by Beachshow Limited on the sale of assets and liabilities to Atco-Qualcast Limited.

The directors are of the opinion that as the dividend receipt arose from the same transaction that generated the goodwill, it is appropriate to include both amounts in one reserve account.

The amounts transferred to the profit and loss account reserve represent the realisation of the gain on the dividend and the realisation of the impairment in goodwill over its useful economic life. The useful economic life has been estimated by the directors as being 10 years and therefore the charge in respect of goodwill for the current year is £1,086,000 (2004: £1,633,000).

# Atco-Qualcast Limited

## 16 Reconciliation of movements in shareholders' funds

|  | 2005<br>£'000 | 2004<br>£'000 |
|--|---------------|---------------|
| Profit for the financial year                          | (1,598)       | 1,839         |
| Actuarial loss on pension                              | (1,740)       | (444)         |
| Movement on current tax relating to pension liability  | 87            | 155           |
| Movement on deferred tax relating to pension liability | 435           | (22)          |
| Opening shareholders' funds as previously reported     | 11,728        | 10,251        |
| Prior year adjustment – FRS 17                         | (4,430)       | (4,481)       |
| Opening shareholders' funds as restated                | 7,298         | 5,770         |
| Closing shareholders' funds                            | 4,482         | 7,298         |

## 17 Capital commitments

There are contracted capital commitments of £505,000 which fall due within 12 months (2004: £236,000) that are not provided for.

## 18 Financial commitments

At 31 December 2005, the company had annual commitments under non-cancellable operating leases as follows:

|                                       | Property      |               | Other         |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | 2005<br>£'000 | 2004<br>£'000 | 2005<br>£'000 | 2004<br>£'000 |
| <b>Operating leases which expire:</b> |               |               |               |               |
| Within one year                       | -             | 520           | -             | -             |
| Within two to five years inclusive    | 495           | -             | -             | 112           |

The property lease has an option to reduce during 2007.

## 19 Netting arrangements

The company's banking arrangements are part of a netting agreement with certain other UK subsidiaries of Robert Bosch GmbH; each company being jointly and severally liable.

The aggregate net surplus, under the terms of the agreement at 31 December 2005 amounted to £600,853 (2004: £1,822,107).

# Atco-Qualcast Limited

## 20 Pension arrangements

The company has a defined benefit pension scheme and a defined contribution scheme. The pension cost charge for the year was £810,000 (2004: £645,000). Included within accruals is an amount of £7,000 (2004: nil) relating to pension contributions payable at the year end.

The assets of the defined benefit pension scheme are held in a separate fund. The scheme was closed to future accruals for all members under 60 years of age from 1 October 2005.

The latest valuation of the principal scheme was carried out at 5 April 2003 by a qualified independent actuary. The assumptions, which have the most significant effect on the results of the valuation, are those relating to the rate of return on investments and the rates of increase in wages, pensions and equity dividends. For the purposes of the valuation, it was assumed that the investment return would be 8.0% per annum, that wage increases would average 2.9% per annum and that present and future pensions would increase at an average rate of 2.4% per annum. The contributions charged in the profit and loss account were assessed using the projected unit credit method. The valuation as at 5 April 2003 used the attained age method, reflecting the fact that the scheme is closed to new entrants.

At the date of the valuation, the market value of the fund's assets was £16,574,000 and the actuarial value was £21,145,000 (Past Service Liability). The Minimum Funding Requirement was £18,370,000. The market value of the assets represented 78% of the actuarial value of all benefits accrued to members and pensioners at that date, after allowing for the assumed future increases in wages and pensions.

The actuarial valuation described above has been updated at 31 December 2005 by a qualified independent actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

|   | 2005<br>% | 2004<br>% | 2003<br>% |
|---|-----------|-----------|-----------|
| Rate of increase in salaries            | 3.50      | 3.00      | 3.00      |
| Rate of increase in pensions in payment | 2.75      | 2.75      | 2.50      |
| Discount rate                           | 5.00      | 5.50      | 5.50      |
| Inflation assumption                    | 2.75      | 2.75      | 2.50      |

# Atco-Qualcast Limited

## 20 Pension arrangements (continued)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rates of return at the balance sheet date were:

|  | Long-term<br>rate of return<br>expected at<br>31 December<br>2005<br>% | Value at 31<br>December<br>2005<br>£'000 | Long-term rate<br>of return<br>expected at 31<br>December<br>2004<br>% | Value at 31<br>December<br>2004<br>£'000 | Long-term rate<br>of return<br>expected at 31<br>December<br>2003<br>% | Value at 31<br>December<br>2003<br>£'000 |
|--|--|--|--|--|--|--|
| Equities                               | 8.00   | 18,330                                   | 8.50   | 16,671                                   | 8.50   | 18,954                                   |
| Bonds                                  | 5.0  | 9,104                                    | 5.50   | 6,292                                    | 5.50   | 1,389                                    |
| Total market value of<br>assets        |  | 27,434                                   |  | 22,963                                   |  | 20,343                                   |
| Present value of scheme<br>liabilities |  | (35,213)                                 |  | (29,292)                                 |  | (26,745)                                 |
| <b>Deficit in the scheme</b>           |  | <b>(7,779)</b>                           |  | <b>(6,329)</b>                           |  | <b>(6,402)</b>                           |
| Related deferred tax asset             |  | 2,334                                    |  | 1,899                                    |  | 1,921                                    |
| <b>Net Pension deficit</b>             |  | <b>(5,445)</b>                           |  | <b>(4,430)</b>                           |  | <b>(4,481)</b>                           |

|   | 2005<br>£'000 | 2004<br>£'000 |
|---|---------------|---------------|
| <b>Amounts charged to operating profit</b>              |               |               |
| Current service cost (excluding employee contributions) | 519           | 599           |
| Expenses and life assurance                             | 55            | 128           |
| Past service costs                                      | -             | 53            |
| <b>Total operating charge</b>                           | <b>574</b>    | <b>780</b>    |

Past service costs relate to early retirement augmentations granted during the year.

|  | 2005<br>£'000 | 2004<br>£'000 |
|--|---------------|---------------|
| <b>Amounts charged to other finance income</b> |               |               |
| Expected return on pension scheme assets       | 1,768         | 1,647         |
| Interest on pension scheme liabilities         | (1,611)       | (1,476)       |
| <b>Net return</b>                              | <b>157</b>    | <b>171</b>    |

# Atco-Qualcast Limited

## 20 Pension arrangements (continued)

|  | 2005<br>£'000  | 2004<br>£'000  |               |
|--|----------------|----------------|---------------|
| <b>Amounts included in the statement of total recognised gains and</b>                               |                |                |               |
| Difference between actual and expected return on pension scheme assets                               | 2,565          | 462            |               |
| Experience (losses)/gains arising on scheme liabilities  | (202)          | 131            |               |
| Effects of changes in assumptions underlying the present value of scheme                             | (4,103)        | (1,037)        |               |
| <b>Actuarial (loss)/gain recognised in the statement of total recognised gains and losses</b>        | <b>(1,740)</b> | <b>444</b>     |               |
| <b>Movement in deficit during the year</b>   |                |                |               |
|  | 2005<br>£'000  | 2004<br>£'000  |               |
| Opening deficit in the scheme  | (6,329)        | (6,402)        |               |
| Movement in the year:  |                |                |               |
| Current service cost   | (519)          | (599)          |               |
| Past service cost  |                | (53)           |               |
| Contributions  | 652            | 998            |               |
| Net return from other finance income   | 157            | 171            |               |
| Actuarial loss   | (1,740)        | (444)          |               |
| <b>Closing deficit in the scheme</b>   | <b>(7,779)</b> | <b>(6,329)</b> |               |
|  | 2005<br>£'000  | 2004<br>£'000  | 2003<br>£'000 |
| <b>History of experienced gains and losses</b>   |                |                |               |
| <b>Difference between expected and actual return on scheme</b>                                       |                |                |               |
| Amount   | 2,565          | 462            | 1,786         |
| % of scheme assets   | 9%             | 2%             | 9%            |
| <b>Experience (losses)/gains arising on the scheme</b>   |                |                |               |
| Amount   | (202)          | 131            | (1,384)       |
| % of present value of scheme liabilities   | (1%)           | 0%             | (5%)          |
| <b>Total actuarial (loss)/gain recognised in the statement of total recognised gains and losses:</b> |                |                |               |
| Amount   | (1,740)        | (444)          | 402           |
| % of present value of scheme liabilities   | (5%)           | (2%)           | 2%            |

## **20 Pension arrangements (continued)**

The contribution rate for 2005 was 13.5% of pensionable earnings and the agreed contribution rate for the next year is 13.5% of pensionable earnings.

The scheme is a closed scheme and therefore, under the projected unit method, the current service cost would be expected to increase as the members of the scheme approach retirement.

## **21 Ultimate parent company**

Robert Bosch GmbH, a company incorporated in Germany, is the parent for the smallest and largest group of which the company is a member. Consolidated financial statements for the Robert Bosch Group are available from Robert Bosch GmbH, Postfach 106050, D-70049 Stuttgart, Germany.

The immediate and ultimate controlling party of Atco-Qualcast Limited is Robert Bosch GmbH by virtue of its 100% shareholding in the company.

## **22 Related party transactions**

As a subsidiary undertaking of Robert Bosch GmbH, the company has taken advantage of the exemption in FRS 8, "Related party disclosures", not to disclose transactions with other members of the group headed by Robert Bosch GmbH.