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**LAMBERT ENGINEERING HOLDINGS LIMITED**

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**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2005**



# **LAMBERT ENGINEERING HOLDINGS LIMITED**

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# LAMBERT ENGINEERING HOLDINGS LIMITED

## DIRECTORS' REPORT For the year ended 31 December 2005

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

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The holding company has not traded during the year and is not expected to trade in foreseeable future. The group's largest trading subsidiary is Lambert Engineering Limited. Its principal activity during the year was that of design, manufacture and installation of automation systems for the processing and manufacturing industries and the manufacture of spare parts for such machines.

The company has maintained its position as a prominent turnkey solutions provider to many of the world's leading companies. Once again this success has been due to the efforts of our dedicated team and the directors have pleasure acknowledging this. The company now has such an established and extended customer activity base which should ensure that ongoing performance will be in line with expectations.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £115,377 (2004 - £157,627).

A dividend of £132,000 was paid on the ordinary shares, leaving losses of £(16,623).

### DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>31/12/05</u>	<u>1/1/05</u>
Mr M A Williams	-	-
Mr R E Wheelwright	-	-
Mr B D Morley	-	-
Mr I P Hampton	-	-

**LAMBERT ENGINEERING HOLDINGS LIMITED**

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**DIRECTORS' REPORT**  
**For the year ended 31 December 2005**

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**AUDITORS**

The auditors, Leslie Bray & Co, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 31 March 2006 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'M A Williams', is written over a horizontal line.

**Mr M A Williams**  
Director

## LAMBERT ENGINEERING HOLDINGS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO LAMBERT ENGINEERING HOLDINGS LIMITED Under section 247B of the Companies Act 1985

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We have examined the abbreviated accounts of Lambert Engineering Holdings Limited for the year ended 31 December 2005 set out on pages 4 to 13, together with the financial statements of the company for the year ended 31 December 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with s.247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

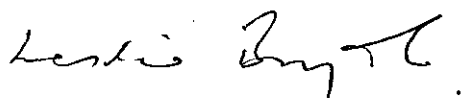
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

#### BASIS OF AUDIT OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

#### OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 13 are properly prepared in accordance with those provisions.



#### Leslie Bray & Co

Chartered Accountants  
Registered Auditors

23 Market Place  
Wetherby  
West Yorkshire  
LS22 6LQ

3 April 2006

**LAMBERT ENGINEERING HOLDINGS LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2005

	Note	2005 £	2004 £
Administrative expenses		(18,250)	(18,246)
<b>OPERATING PROFIT</b>	2	<b>105,250</b>	105,254
Income from investments in group undertakings		80,000	125,000
Interest receivable	4	1	-
Interest payable	5	(65,415)	(60,707)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>119,836</b>	169,547
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	6	<b>(4,459)</b>	(11,920)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>115,377</b>	157,627
<b>DIVIDENDS</b> - On equity shares	7	<b>(132,000)</b>	(95,000)
<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b>(16,623)</b>	62,627
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<b>3,294,490</b>	3,231,863
<b>RETAINED PROFIT CARRIED FORWARD</b>		<b>£ 3,277,867</b>	£ 3,294,490

All amounts relate to continuing operations.

There were no recognised gains and losses for 2005 or 2004 other than those included in the profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.

**LAMBERT ENGINEERING HOLDINGS LIMITED**

**ABBREVIATED BALANCE SHEET**  
As at 31 December 2005

	Note	£	2005	£	£	2004	£
<b>FIXED ASSETS</b>							
Tangible fixed assets	8			<b>946,778</b>		964,970	
Investments	9			<b>5,376,500</b>		5,376,500	
				<u>6,323,278</u>		<u>6,341,470</u>	
<b>CURRENT ASSETS</b>							
Debtors	10	<b>1,860,000</b>			1,860,000		
Cash at bank			<b>1</b>			1	
			<u>1,860,001</u>		<u>1,860,001</u>		
<b>CREDITORS:</b> amounts falling due within one year	11		<b>(1,012,712)</b>		(1,014,281)		
<b>NET CURRENT ASSETS</b>				<u><b>847,289</b></u>		<u>845,720</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				<u><b>7,170,567</b></u>		<u>7,187,190</u>	
<b>CREDITORS:</b> amounts falling due after more than one year	12			<b>(3,892,500)</b>		(3,892,500)	
<b>NET ASSETS</b>				<u><u><b>£ 3,278,067</b></u></u>		<u><u>£ 3,294,690</u></u>	
<b>CAPITAL AND RESERVES</b>							
Called up share capital	13			<b>200</b>		200	
Profit and loss account				<b>3,277,867</b>		3,294,490	
<b>SHAREHOLDERS' FUNDS - All Equity</b>	14			<u><u><b>£ 3,278,067</b></u></u>		<u><u>£ 3,294,690</u></u>	

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 31 March 2006 and signed on its behalf.

  
**Mr M A Williams**  
Director

The notes on pages 7 to 13 form part of these financial statements.

**LAMBERT ENGINEERING HOLDINGS LIMITED**

**ABBREVIATED CASH FLOW STATEMENT**  
For the year ended 31 December 2005

	Note	2005 £	2004 £
Net cash flow from operating activities	15	123,442	83,287
Returns on investments and servicing of finance	16	14,586	64,293
Taxation		(11,920)	(2,174)
Equity dividends paid		(132,000)	(95,000)
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(5,892)</b>	<b>50,406</b>
Financing	16	-	(100,000)
<b>DECREASE IN CASH IN THE YEAR</b>		<b>£ (5,892)</b>	<b>£ (49,594)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 17)**  
For the year ended 31 December 2005

	2005 £	2004 £
Decrease in cash in the year	(5,892)	(49,594)
Cash outflow from decrease in debt and lease financing	-	100,000
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(5,892)</b>	<b>50,406</b>
Net debt at 1 January 2005	(1,201,560)	(1,251,966)
<b>NET DEBT AT 31 DECEMBER 2005</b>	<b>£ (1,207,452)</b>	<b>£ (1,201,560)</b>

The notes on pages 7 to 13 form part of these financial statements.



**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2005

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	2% straight line
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**1.4 Deferred taxation**

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

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

**1.5 Investments**

Investments are stated at cost or valuation, less any provisions for a permanent diminution in value.

**2. OPERATING PROFIT**

The operating profit is stated after charging:

	2005	2004
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	18,192	18,192
	<u>          </u>	<u>          </u>

During the year, no director received any emoluments (2004 - £nil).

**LAMBERT ENGINEERING HOLDINGS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2005

**3. STAFF COSTS**

The average monthly number of employees, including directors, during the year was as follows:

	<b>2005</b>	<b>2004</b>
	<b>No.</b>	<b>No.</b>
Directors	<u><u>4</u></u>	<u><u>4</u></u>

**4. INTEREST RECEIVABLE**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<u><u>£ 1</u></u>	<u><u>£ -</u></u>

**5. INTEREST PAYABLE**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	<u><u>£ 65,415</u></u>	<u><u>£ 60,707</u></u>

**6. TAXATION**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
UK corporation tax charge on profits of the year	<u><u>£ 4,459</u></u>	<u><u>£ 11,920</u></u>

**Factors affecting tax charge for year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the company (MR%). The differences are explained below:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u><u>119,836</u></u>	<u><u>169,547</u></u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of MR% (2004 - 19%)	<u><u>4,459</u></u>	<u><u>11,920</u></u>
<b>Effects of:</b>		
<b>Current tax charge for year</b> (see note above)	<u><u>£ 4,459</u></u>	<u><u>£ 11,920</u></u>

**LAMBERT ENGINEERING HOLDINGS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2005

**7. DIVIDENDS**

	2005 £	2004 £
<b>On equity shares</b>		
Total dividends paid	£ 132,000	£ 95,000

**8. TANGIBLE FIXED ASSETS**

	Land and buildings £
<b>Cost</b>	
At 1 January 2005 and 31 December 2005	1,037,738
<b>Depreciation</b>	
At 1 January 2005	72,768
Charge for the year	18,192
At 31 December 2005	90,960
<b>Net book value</b>	
At 31 December 2005	£ 946,778
At 31 December 2004	£ 964,970

Included in freehold land and buildings is freehold land at valuation of £128,133, (2004 - £128,133) which is not depreciated.

**LAMBERT ENGINEERING HOLDINGS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2005

**9. FIXED ASSET INVESTMENTS**

	Shares in group under- takings £	Total £
<b>Cost</b>		
At 1 January 2005 and 31 December 2005	£ 5,376,500	£ 5,376,500

**Subsidiary undertaking**

The following was a subsidiary undertaking of the company:

Lambert Engineering Limited 100%

The aggregate of the share capital and reserves as at 31 December 2005 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Lambert Engineering Limited	7,540,344	638,129

**10. DEBTORS**

	31 December 2005 £	31 December 2004 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	£ 1,860,000	£ 1,860,000

**11. CREDITORS:**  
**Amounts falling due within one year**

	31 December 2005 £	31 December 2004 £
Bank loans and overdrafts	1,007,453	1,001,561
Corporation tax	4,459	11,920
Accruals and deferred income	800	800
	£ 1,012,712	£ 1,014,281

The bank loan is a revolving loan capable of renewal for a period of less than 365 days, is subject to interest at 1.75% over base rate and is secured on the freehold buildings.

**LAMBERT ENGINEERING HOLDINGS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2005

**12. CREDITORS:**  
**Amounts falling due after more than one year**

	<b>31 December 2005 £</b>	<i>31 December 2004 £</i>
Loan stock	<b>200,000</b>	<i>200,000</i>
Amounts owed to group undertakings	<b>3,692,500</b>	<i>3,692,500</i>
	<b>£ 3,892,500</b>	<i>£ 3,892,500</i>

Included within the above are amounts falling due as follows:

	<b>31 December 2005 £</b>	<i>31 December 2004 £</i>
<b>Between two and five years</b>		
Loan stock	<b>£ 200,000</b>	<i>£ 200,000</i>

**13. SHARE CAPITAL**

	<b>31 December 2005 £</b>	<i>31 December 2004 £</i>
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<b>£ 1,000</b>	<i>£ 1,000</i>
<b>Allotted, called up and fully paid</b>		
200 Ordinary shares of £1 each	<b>£ 200</b>	<i>£ 200</i>

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2005 £</b>	<i>2004 £</i>
Profit for the year	<b>115,377</b>	<i>157,627</i>
Dividends	<b>(132,000)</b>	<i>(95,000)</i>
	<b>(16,623)</b>	<i>62,627</i>
Opening shareholders' funds	<b>3,294,690</b>	<i>3,232,063</i>
Closing shareholders' funds	<b>£ 3,278,067</b>	<i>£ 3,294,690</i>

**LAMBERT ENGINEERING HOLDINGS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2005

**15. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2005 £	2004 £
Operating profit	105,250	105,254
Depreciation of tangible fixed assets	18,192	18,192
Decrease in creditors	-	(40,159)
<b>NET CASH INFLOW FROM OPERATIONS</b>	<b>£ 123,442</b>	<b>£ 83,287</b>

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

	2005 £	2004 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	1	-
Interest paid	(65,415)	(60,707)
Income from investments in related companies	80,000	125,000
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>£ 14,586</b>	<b>£ 64,293</b>
<b>FINANCING</b>		
Repayment of debenture loans	£ -	£ (100,000)

# LAMBERT ENGINEERING HOLDINGS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 December 2005

### 17. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2005 £	Cash flow £	Other non-cash changes £	31 December 2005 £
Cash at bank and in hand:	1	-	-	1
Bank overdraft	(1,561)	(5,892)	-	(7,453)
	<u>(1,560)</u>	<u>(5,892)</u>	<u>-</u>	<u>(7,452)</u>
<b>DEBT :</b>				
Debts due within one year	(1,000,000)	-	-	(1,000,000)
Debts falling due after more than one year	(200,000)	-	-	(200,000)
	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>	<u>(1,200,000)</u>
<b>NET DEBT</b>	<b>£(1,201,560)</b>	<b>£ (5,892)</b>	<b>£ -</b>	<b>£(1,207,452)</b>

### 18. CONTINGENT LIABILITIES

The company has entered into a cross guarantee with Lambert Engineering Limited and Lambert Engineering Group Limited. The borrowings subject to this guarantee at 31 December 2005 amounted to £1,000,000 (2004 - £1,000,000).

### 19. RELATED PARTY TRANSACTIONS

Creditors include loan stock of £200,000 (2004 - £200,000) issued to an ex director Mr P H Wainman and his family interests.

### 20. POST BALANCE SHEET EVENTS

In March 2006 the building included in fixed assets at a cost of £909,605 was sold for £1,095,000 and the proceeds are to be used to repay the bank loan of £1,000,000.

### 21. ULTIMATE PARENT UNDERTAKING

The holding company of Lambert Engineering Holdings Limited is Lambert Engineering Group Limited, a company incorporated in England.

### 22. CONTROLLING PARTY

Mr M A Williams, Mr R E Wheelwright, Mr B D Morley and Mr I P Hampton are directors of both Lambert Engineering Holdings Limited and Lambert Engineering Group Limited and own all the shares in Lambert Engineering Group Limited.