


# **Ebac Management Services Limited**

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## **Report and Financial Statements**

31 December 2004

 **ERNST & YOUNG**



# Ebac Management Services Limited

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Registered No: 3338449

## **Directors**

S Peacock  
S R Lilly  
G Currie  
P Gillespie  
P D Hutchison  
M R Elliott  
A Hird

## **Secretary**

A Hird

## **Auditors**

Ernst & Young LLP  
Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JD

## **Bankers**

HSBC Bank plc  
1 Saddler Street  
Durham  
DH1 3NR

## **Solicitors**

Robert Muckle  
Norham House  
12 New Bridge Street West  
Newcastle upon Tyne  
NE1 8AS

DLA  
Princes Exchange  
Princes Square  
Leeds  
West Yorkshire  
LS1 LBY

## **Registered Office**

St Helen Industrial Estate  
Bishop Auckland  
Co Durham  
DL14 9AL

## Directors' report

The directors' present their annual report and the audited financial statements for the year ended 31 December 2004.

### Principal activities

The company's principal activity during the year was that of management services.

### Business review

The profit for the year after taxation was £42,405 (2003: £55,731).

On 1 March 2004 the Ebac Group undertook a group reorganisation whereby Ebac Limited the previous parent undertaking disposed of its investment to Ebac Group Limited by way of a dividend in species.

### Proposed dividend

The directors do not recommend the payment of a dividend (2003: £Nil).

### Directors and their interests

The directors who held office during the year were as follows:

S Peacock  
S R Lilly  
G Currie  
P Gillespie  
P D Hutchison  
M R Elliott  
A Hird

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

The directors who held office at the end of the financial year had the following interests in the shares of Ebac Group Limited, the company's ultimate parent undertaking, according to the register of directors interests:

| Name           | Ordinary shares                    |                               | Preference shares                  |                                  |
|----------------|------------------------------------|-------------------------------|------------------------------------|----------------------------------|
|                | Interest at<br>31 December<br>2004 | Interest at<br>1 January 2004 | Interest at<br>31 December<br>2004 | Interest at<br>1 January<br>2004 |
| M R Elliott    | 26,854                             | 26,854                        | 503,530                            | 671,372                          |
| S Peacock      | 61,067                             | 61,067                        | 19,989                             | 22,654                           |
| S R Lilly      | 60,000                             | 60,000                        | -                                  | -                                |
| G Currie       | 10,000                             | 10,000                        | -                                  | -                                |
| P Gillespie    | 80,000                             | 80,000                        | -                                  | -                                |
| P D Hutchinson | 10,000                             | 10,000                        | -                                  | -                                |
| A Hird         | 20,000                             | 20,000                        | -                                  | -                                |

In addition S Peacock and M R Elliott held one ordinary share in BCM Machines Limited at 31 December 2004 and 1 January 2004.

According to the register of directors' interests, no rights to subscribe for shares in the company (or any other group company) were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

## Directors' report

### Auditors

A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



A Hird  
Secretary  
25 October 2005

## **Statement of 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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.

## **Independent auditors' report**

**to the members of Ebac Management Services Limited**

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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**

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 United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 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 United Kingdom Auditing Standards 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.

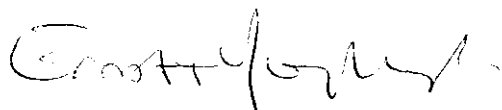
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Independent auditors' report**

**to the members of Ebac Management Services Limited (continued)**

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
Newcastle upon Tyne

25 October 2005

## Profit and loss account

for the year ended 31 December 2004

|                                      | <i>Note</i> | <i>2004</i><br>£ | <i>2003</i><br>£ |
|--------------------------------------|-------------|------------------|------------------|
| <b>Turnover</b>                      | 2           | 665,022          | 642,950          |
| Cost of sales                        |             | 632,116          | 567,746          |
| <b>Operating profit</b>              |             | <u>32,906</u>    | <u>75,204</u>    |
| <b>Profit before tax</b>             |             | 32,906           | 75,204           |
| Tax on profit on ordinary activities | 5           | (9,499)          | 19,473           |
| <b>Retained profit for the year</b>  |             | <u>42,405</u>    | <u>55,731</u>    |

All activities relate to continuing operations.

### Statement of total recognised gains and losses

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £42,405 for the year ended 31 December 2004 and the profit of £55,731 in the year ended 31 December 2003.



## Balance sheet

at 31 December 2004

|   | Notes | 2004<br>£      | 2003<br>£      |
|---|-------|----------------|----------------|
| <b>Current assets</b>                                 |       |                |                |
| Debtors   | 6     | 187,527        | 160,000        |
| Cash at bank and in hand                              |       | 26,864         | 43,743         |
|   |       | <u>214,391</u> | <u>203,743</u> |
| <b>Creditors:</b> amounts falling due within one year | 7     | 36,196         | 67,953         |
|   |       | <u>178,195</u> | <u>135,790</u> |
| <b>Net assets</b>                                     |       |                |                |
| <b>Capital and reserves</b>                           |       |                |                |
| Called up share capital                               | 8     | 2              | 2              |
| Profit and loss account                               | 9     | 178,193        | 135,788        |
|   |       | <u>178,195</u> | <u>135,790</u> |
| <b>Equity Shareholders' funds</b>                     | 9     |                |                |
|   |       | <u>178,195</u> | <u>135,790</u> |

These financial statements were approved by the Board of Directors on 25 October 2005 and were signed on its behalf by:



S Peacock  
Director

## Notes to the financial statements

at 31 December 2004

### 1. Accounting policies

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

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, and under the historical cost accounting rules.

#### ***Cash flow statement***

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

#### ***Related parties***

As the company is a wholly owned subsidiary of Ebac Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Ebac Group Limited, within which this company is included, can be obtained from the address given in note 12.

#### ***Post retirement benefits***

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

#### ***Deferred taxation***

Deferred taxation is provided in full using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

### 2. Analysis of turnover and profit on ordinary activities before taxation

All turnover and the profit on ordinary activities before taxation is derived from the company's principal activity.

Auditors' remuneration is paid by the parent company on behalf of Ebac Management Services Limited.

## Notes to the financial statements

at 31 December 2004

### 3. Directors' remuneration

|   | 2004    | 2003    |
|---|---------|---------|
|   | £       | £       |
| Directors' emoluments                                   | 528,594 | 567,745 |
| Company contributions to Money Purchase pension schemes | 6,026   | 4,951   |

The emoluments of the highest paid director were £119,116 (2003: £97,961) and company pension contributions of £Nil (2003: £Nil) were made to a Money Purchase Scheme on his behalf.

|  | <i>Number of directors</i> |      |
|--|----------------------------|------|
|  | 2004                       | 2003 |
|  | No.                        | No.  |
| Retirement benefits are accruing to the following number of directors under:<br>Money Purchase schemes | 7                          | 8    |

### 4. Staff numbers and costs

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

|            | <i>Number of employees</i> |      |
|------------|----------------------------|------|
|            | 2004                       | 2003 |
|            | No.                        | No.  |
| Management | 9                          | 8    |

The aggregate payroll costs of these persons were as follows:

|                               | 2004    | 2003    |
|-------------------------------|---------|---------|
|                               | £       | £       |
| Wages and salaries            | 560,232 | 485,117 |
| Social security costs         | 65,290  | 77,677  |
| Other pension costs (note 11) | 6,594   | 4,951   |
|                               | 632,116 | 567,745 |

## Notes to the financial statements

at 31 December 2004

### 5. Taxation

(a) Tax on profit on ordinary activities

|   | 2004<br>£ | 2003<br>£ |
|---|-----------|-----------|
| UK Corporation tax                          | 6,252     | 19,473    |
| Tax (over)/under provided in previous years | (15,751)  | -         |
| Total current tax (note 5 (b))              | (9,499)   | 19,473    |

(b) Factors affecting current tax charge

|  | 2004<br>£ | 2003<br>£ |
|--|-----------|-----------|
| Profit on ordinary activities before taxation  | 32,906    | 75,204    |
| Profit on ordinary activities multiplied by a standard rate of corporation tax in the UK of 30% (2003: 19.25%) | 9,872     | 14,477    |
| Tax (over)/under provided in previous years  | (15,751)  | -         |
| Other  | (3,620)   | 4,996     |
| Total current tax (note 5(a))  | (9,499)   | 19,473    |

### 6. Debtors

|                                    | 2004<br>£ | 2003<br>£ |
|------------------------------------|-----------|-----------|
| Amounts owed by group undertakings | 187,527   | 160,000   |

### 7. Creditors: amounts falling due within one year

|                              | 2004<br>£ | 2003<br>£ |
|------------------------------|-----------|-----------|
| Corporation tax              | 6,252     | 35,225    |
| Taxation and social security | 14,476    | 14,126    |
| Other creditors              | 15,468    | 18,602    |
|                              | 36,196    | 67,953    |

## Notes to the financial statements

at 31 December 2004

### 8. Called up share capital

|   | 2004 | 2003 |
|---|------|------|
|   | £    | £    |
| <i>Authorised</i>                         |      |      |
| Equity: ordinary shares of £1 each        | 2    | 2    |
| <i>Allotted, called up and fully paid</i> |      |      |
| Equity: ordinary shares of £1 each        | 2    | 2    |

### 9. Reconciliation of shareholders' funds and movement on reserves

|                     | Share capital | Profit and loss account | Total   |
|---------------------|---------------|-------------------------|---------|
|                     | £             | £                       | £       |
| At 1 January 2003   | 2             | 80,057                  | 80,059  |
| Profit for the year | -             | 55,731                  | 55,731  |
| At 1 January 2004   | 2             | 135,788                 | 135,790 |
| Profit for the year | -             | 42,405                  | 42,405  |
| At 31 December 2004 | 2             | 178,193                 | 178,195 |

### 10. Commitments

There were no capital commitments at the end of the financial year (2003: £Nil).

### 11. Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £6,594 (2003: £4,951).

### 12. Parent undertaking

The company is a subsidiary undertaking of Ebac Group Limited, incorporated in England. The consolidated financial statements of this company are available to the public and may be obtained from Ebac Group Limited, St Helen Trading Estate, Bishop Auckland, Co Durham, England.

### 13. Related party transactions

The company has taken the advantage under FRS 8, of not disclosing transactions with other members of the Ebac Group.