

Company Registration No. 4039716

**ACCURATE TECHNOLOGIES (UK)
LIMITED**

Report and Financial Statements

31 December 2005



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ACCURATE TECHNOLOGIES (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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ACCURATE TECHNOLOGIES (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

R Kasprzyk

SECRETARY

M Lauerman

REGISTERED OFFICE

Unit 14 St George's Tower
Hatley St George
Cambridgeshire
SG19 3SH

BANKERS

HSBC
165 New Road
Rubery
Birmingham
West Midlands

SOLICITORS

Lorimer Longhurst & Lees
Devonshire House
89 Regent Street
Cambridge CB2 1AW

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

ACCURATE TECHNOLOGIES (UK) LIMITED

DIRECTOR'S REPORT

The director presents the following annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 2005.

ACTIVITIES

The company's principal activity is the provision of powertrain development tools, test instrumentation, motorsports products and consultancy services to other group companies.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The director is satisfied with the results of the company and expects an improvement in results in the next year.

DIVIDENDS

The director does not recommend the payment of a dividend (2004 - £nil).

DIRECTOR AND HIS INTERESTS

The director who served throughout the year, as listed below, had no direct interest in the share capital of the company as at 31 December 2005 (31 December 2004 - nil):

R Kasprzyk

The director does have a beneficial interest in the parent company as he owns 100% (2004 - 100%) of the share capital.

DIRECTOR'S INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its director which were made during the year and remain in force at the date of this report.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Director



R Kasprzyk

7 August 2006

ACCURATE TECHNOLOGIES (UK) LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the director to prepare such financial statements for each financial year 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 and comply with United Kingdom Generally Accepted Accounting Practice and the Companies Act 1985. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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 ACCURATE TECHNOLOGIES (UK) LIMITED

We have audited the financial statements of Accurate Technologies (UK) Limited for the year ended 31 December 2005, which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the statement of director's responsibilities, the company's director is 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 United Kingdom 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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's 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 director's remuneration and other transactions with the company is not disclosed.

We read the director's report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK & 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 director 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 ACCURATE TECHNOLOGIES
(UK) 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 profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Cambridge

United Kingdom

21 August 2006

ACCURATE TECHNOLOGIES (UK) LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2005

	Note	2005 £	2004 £
TURNOVER: continuing operations	2	622,822	162,253
Cost of sales		(306,843)	(15,292)
Gross profit		<u>315,979</u>	<u>146,961</u>
Administrative expenses		(283,590)	(216,372)
OPERATING PROFIT/(LOSS): continuing operations	4	32,389	(69,411)
Interest receivable and similar income	5	1,476	420
Interest payable and similar charges	6	(13,359)	(9,861)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>20,506</u>	<u>(78,852)</u>

The statement of movements on reserves is shown in note 15 to the accounts.

There are no recognised gains and losses for the current and preceding financial years other than the profit of £20,506 (2004 - loss of £78,852) shown above. Accordingly, no statement of total recognised gains and losses has been presented.

ACCURATE TECHNOLOGIES (UK) LIMITED

BALANCE SHEET 31 December 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	8	5,190	6,530
CURRENT ASSETS			
Stocks	9	65,544	20,068
Debtors	10	215,432	10,960
Cash at bank and in hand		70,419	27,439
		<u>351,395</u>	<u>58,467</u>
CREDITORS: amounts falling due within one year	11	<u>(90,613)</u>	<u>(35,397)</u>
NET CURRENT ASSETS		<u>260,782</u>	<u>23,070</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>265,972</u>	<u>29,600</u>
CREDITORS: amounts falling due after more than one year	12	<u>(391,933)</u>	<u>(176,067)</u>
NET LIABILITIES		<u>(125,961)</u>	<u>(146,467)</u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Profit and loss account	15	(126,061)	(146,567)
TOTAL EQUITY SHAREHOLDERS' DEFICIT	16	<u>(125,961)</u>	<u>(146,467)</u>

These financial statements were approved by the Director on 7 August 2006.

Signed by the Director



Director

R Kasparyk

ACCURATE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Basis of accounting

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

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Computer equipment	50% per annum
Office equipment	25% per annum
Furniture and fixtures	25% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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. These translation differences are dealt with in the profit and loss account.

ACCURATE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

1 ACCOUNTING POLICIES (continued)

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Cash Flow Statement

The company has taken advantage of the exemption from preparing a cash flow statement in accordance with the Financial Reporting Standard No.1 (revised) on the basis that it is a small company.

Pension costs

Pension contributions to a defined contribution scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover is attributable to a single activity, the provision of powertrain development tools, test instrumentation, motorsports products and consultancy services to other group companies.

Geographical analysis of turnover:

	2005 £	2004 £
United Kingdom	468,037	32,547
Europe	2,585	-
Other	152,200	129,706
	<u>622,822</u>	<u>162,253</u>

3 INFORMATION REGARDING THE DIRECTOR AND EMPLOYEES

The director did not receive any emoluments in the two years ended 31 December 2005 and 31 December 2004.

	2005 No.	2004 No.
Average number of persons employed		
Administration and sales	<u>4</u>	<u>3</u>

ACCURATE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

3 INFORMATION REGARDING THE DIRECTOR AND EMPLOYEES (continued)

	2005 £	2004 £
Staff costs during the year		
Wages and salaries	145,854	115,698
Social security costs	17,090	13,577
Pension costs	9,904	9,862
	<u>172,848</u>	<u>139,137</u>

4 OPERATING PROFIT/(LOSS)

	2005 £	2004 £
Operating profit/(loss) is after charging:		
Depreciation		
Owned assets	11,265	11,544
Rentals under operating leases		
Other operating leases	30,210	40,315
Auditors' remuneration	5,225	4,900
	<u>46,700</u>	<u>56,759</u>

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2005 £	2004 £
Bank interest	<u>1,476</u>	<u>420</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Interest on loans from group undertakings	<u>13,359</u>	<u>9,861</u>

ACCURATE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Tax charge for the year

	2005 £	2004 £
<i>Current taxation</i>		
United Kingdom corporation tax	-	-

The standard rate of corporation tax for the year, based on the UK standard rate of corporation tax is 19%. The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following tax reconciliation:

Reconciliation of current tax

	2005 £	2004 £
Profit/(loss) on ordinary activities before taxation	20,506	(78,852)
Tax on profit/(loss) on ordinary activities at standard rate	3,896	(14,982)
<i>Factors affecting charge for the year:</i>		
Disallowable expenditure	554	291
Depreciation in excess of capital allowances	1,348	1,283
Unutilised losses	(8,336)	11,535
Short term timing difference	2,538	1,873
Total actual amount of current tax	-	-

ACCURATE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

Analysis of deferred tax balances

	Not provided/ (recognised) 2005 £	Not provided/ (recognised) 2004 £
Accelerated capital allowances	(2,570)	(1,222)
Revenue losses	(18,802)	(27,138)
	<u>(21,372)</u>	<u>(28,360)</u>

A deferred tax asset has not been recognised in respect of revenue losses and other short term timing differences as there is insufficient evidence that the asset will be realised. The estimated value of the deferred tax asset not realised, measured at the standard rate of 19% (2004 - 19%) is £21,372 (2004 - £28,360). The asset would be realised if the company began to make future taxable income.

8 TANGIBLE FIXED ASSETS

	Computer equipment £	Office equipment £	Furniture and fixtures £	Total £
Cost				
At 1 January 2005	9,780	22,618	6,407	38,805
Additions in year	9,925	-	-	9,925
	<u>19,705</u>	<u>22,618</u>	<u>6,407</u>	<u>48,730</u>
At 31 December 2005				
Accumulated depreciation				
At 1 January 2005	9,370	18,328	4,577	32,275
Charge in year	5,373	4,290	1,602	11,265
	<u>14,743</u>	<u>22,618</u>	<u>6,179</u>	<u>43,540</u>
At 31 December 2005				
Net book value				
At 31 December 2005	4,962	-	228	5,190
	<u>410</u>	<u>4,290</u>	<u>1,830</u>	<u>6,530</u>
At 31 December 2004				

ACCURATE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

9 STOCKS

	2005 £	2004 £
Goods held for resale	65,544	20,068

10 DEBTORS

	2005 £	2004 £
Trade debtors	206,899	2,193
Other debtors	-	1,077
Prepayments and accrued income	8,533	7,690
	215,432	10,960

All amounts are due within one year.

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade creditors	36,836	12,959
Other taxes and social security	35,223	3,936
Accruals and deferred income	18,554	18,502
	90,613	35,397

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £	2004 £
Amounts due to parent company (note 13)	391,933	176,067

The loan is unsecured and has interest charged at 6% per annum on the principal balance, and does not become payable until 31 January 2007, which is when the principal balance also becomes repayable.

ACCURATE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

13 BORROWINGS

	2005 £	2004 £
Amounts due to parent company	391,933	176,067
The maturity of the above amounts is as follows:		
In more than two years but not more than five years	391,933	176,067

14 CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised		
100 Ordinary shares of £1.00 each	100	100
Called up, allotted and fully paid		
100 Ordinary shares of £1.00 each	100	100

15 STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £
At 1 January 2005	(146,567)
Profit for the year	20,506
At 31 December 2005	(126,061)

ACCURATE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2005 £	2004 £
Profit/(loss) attributable to members of the company	20,506	(78,852)
Opening shareholders' deficit	(146,467)	(67,615)
Closing shareholders' deficit	(125,961)	(146,467)

17 OPERATING LEASE COMMITMENTS

At 31 December 2005 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2005 £	Other 2005 £	Land and buildings 2004 £	Other 2004 £
Leases which expire:				
Between two to five years	-	8,412	-	8,017
After five years	13,334	-	13,334	-
	13,334	8,412	13,334	8,017

18 ULTIMATE PARENT COMPANY

The immediate and ultimate parent company and ultimate controlling party is Accurate Technologies Inc., a company incorporated and registered in the USA.

Copies of the group accounts can be obtained from 47199 Cartier Drive, Wixom, Michigan, 48393, USA.

19 RELATED PARTY TRANSACTIONS

The company meets the definition of an exempt subsidiary undertaking in FRS8. Consequently, the company has taken advantage of the exemption from disclosing transactions with other group companies qualifying as related parties.