

**MERIT MERRELL TECHNOLOGY LIMITED**

**Report and Financial Statements**

**30 September 2004**

**Deloitte & Touche LLP**  
Newcastle upon Tyne



**REPORT AND FINANCIAL STATEMENTS 2004**

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**OFFICERS AND ADVISERS**

**DIRECTORS**

C Berriman  
J Mulcahy  
A Wells

**SECRETARY**

N Walton

**REGISTERED OFFICE**

Cumberland House  
Cumberland Road  
North Balkwell Farm Industrial Estate  
North Shields  
Tyne and Wear  
NE29 8RD

**BANKERS**

Yorkshire Bank  
29 Pilgrim Street  
Newcastle upon Tyne  
NE1 6RL

**AUDITORS**

Deloitte & Touche LLP  
Newcastle upon Tyne

## DIRECTORS' REPORT

The directors present their report and the financial statements for the seventeen month period ended 30 September 2004.

### ACTIVITIES

The principal activities of the company during the year were Clean Technology facility design, installation and project management.

### REVIEW OF ACTIVITIES

The directors are pleased to report that the first seventeen months of trading has shown profitability in Turn Key Cleanroom Construction, Biotechnology and Nanotechnology. The strategy to maintain future growth involves further diversification into Turn Key Cleanroom construction, and maintaining growth into new markets, for example Biotechnology, and focusing on direct relationships with Blue Chip clients.

There is still the emphasis on attracting key staff and the implementation of advanced business controls and strategic business development.

The company now has the stable platform and the client base to accelerate the growth still further.

### RESULTS

The results for the period are set out on page 5.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the period and their interests in the share capital of the company were as follows:

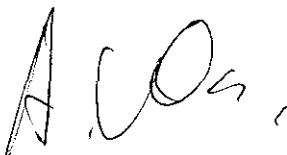
	Ordinary shares of £1 each	
	30 September 2004	30 April 2003
C Berriman	-	-
J Mulcahy	-	-
A Wells	-	-

The interests of the directors in the parent company are disclosed in that company's accounts.

### AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue as auditors.

Approved by the Board of Directors  
and signed on behalf of the Board



Director

24/2/05

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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 the company's system of internal financial control and for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors  
and signed on behalf of the Board



Secretary

24/2/05

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERIT MERRELL TECHNOLOGY LIMITED**

We have audited the financial statements of Merit Merrell Technology Limited for the seventeen month period ended 30 September 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 10. 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 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 United Kingdom legal and regulatory requirements and 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 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 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 for the period and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of 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 circumstances of the company, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2004 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

*24 February 2005*

**PROFIT AND LOSS ACCOUNT****Seventeen month period ended 30 September 2004**

	Note	17 months ended 30 September 2004 £	Year ended 30 April 2003 £
<b>TURNOVER: continuing operations</b>	1	2,401,859	-
Cost of sales		(2,225,881)	-
<b>GROSS PROFIT</b>		175,978	-
Administrative expenses		(4,608)	-
<b>OPERATING PROFIT</b>	2	171,370	-
Interest payable and similar charges		(107)	-
Interest received		750	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		172,013	-
Tax on profit on ordinary activities	3	(32,682)	-
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>		139,331	-

All amounts relate to continuing operations.

There have been no recognised gains and losses attributable to the shareholders other than the profit for the current financial period and accordingly, no Statement of Total Recognised Gains and Losses is shown.

**BALANCE SHEET**  
**30 September 2004**

	Note	30 September 2004 £	30 April 2003 £
<b>CURRENT ASSETS</b>			
Debtors	4	1,292,051	500
Cash at bank and in hand		150,583	-
		<u>1,442,634</u>	<u>500</u>
<b>CREDITORS: amounts falling due within one year</b>	5	(1,302,803)	-
		<u>139,831</u>	<u>500</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	500	500
Profit and loss account	7	139,331	-
<b>EQUITY SHAREHOLDERS' FUNDS</b>	8	<u>139,831</u>	<u>500</u>

These financial statements were approved by the Board of Directors on 24/2/05

Signed on behalf of the Board of Directors



Director



**NOTES TO THE ACCOUNTS****Seventeen month period ended 30 September 2004****1. ACCOUNTING POLICIES**

The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover comprises the invoiced goods and services supplied by the company and takes into account the stage of completion of the contracts in progress, excluding value added tax.

**Taxation**

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

Deferred tax 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 which are included in the 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.

**2. OPERATING PROFIT**

	17 months ended 30 September 2004 £	Year ended 30 April 2003 £
This is stated after charging:		
Auditors' remuneration	5,000	-

**3. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	17 months ended 30 September 2004 £	Year ended 30 April 2003 £
United Kingdom corporation tax at 19% (2003 – Nil) based on the profit for the period	32,682	-

**NOTES TO THE ACCOUNTS****Seventeen month period ended 30 September 2004****3. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

	17 months ended 30 September 2004 £	Year ended 30 April 2003 £
Profit on ordinary activities before tax	172,023	-
Tax at 19% thereon	32,682	-

**4. DEBTORS**

	30 September 2004 £	30 April 2003 £
Trade debtors	1,266,577	-
Other debtors	25,474	500
	1,292,051	500

**5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 September 2004 £	30 September 2003 £
Trade creditors	2,850	-
Amounts owed to group companies	1,264,296	-
Other taxation and social security	1,225	-
Corporation tax	32,682	-
Accruals and deferred income	1,750	-
	1,302,803	-

**6. CALLED UP SHARE CAPITAL**

	30 September 2004 £	30 April 2003 £
<b>Authorised</b>		
500 ordinary shares of £1 each	500	500
<b>Called up, allotted and fully paid</b>		
500 ordinary shares of £1 each	500	500

**NOTES TO THE ACCOUNTS****Seventeen month period ended 30 September 2004****7. STATEMENT OF MOVEMENT ON RESERVES**

<b>Profit and loss account</b>	<b>£</b>
Profit for the period	139,331
Balance at 30 September 2004	<u>139,331</u>

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

	<b>2004 £</b>	<b>2003 £</b>
Profit for the period	139,331	-
Shares issued	<u>-</u>	<u>500</u>
Net addition to shareholders' funds	139,331	500
Opening shareholders' funds	<u>500</u>	<u>-</u>
Closing shareholders' funds	<u>139,831</u>	<u>500</u>

**9. ULTIMATE CONTROLLING PARTY**

In the opinion of the directors the ultimate controlling party is Merit Holdings Limited, a company incorporated in England. Copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

**10. RELATED PARTY TRANSACTIONS**

During the period the company made purchases from a fellow subsidiary company, Merit Process Engineering Limited all subject to an arms length agreement. The amount involved was £2,225,881. At the period end the company owed Merit Process Engineering Limited £1,264,296.