

Broomco (3051) Limited
Annual report
for the year ended 31 December 2004

Registered Number 4569093



Broomco (3051) Limited

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Broomco (3051) Limited

Director and advisors for the year ended 31 December 2004

Director

M Hemingway

Company secretary

S Murphy

Registered office

Beetons Way
Bury St Edmunds
Suffolk
IP32 6RA

Auditors

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge
CB3 0AN

Bankers

Royal Bank of Scotland plc
Cambridge Corporate Office
Unit 2, Wellbrook Court
Girton
Cambridge
CB3 0NA

Solicitors

Hewitsons
42 Newmarket Road
Cambridge
CB5 8EP

Broomco (3051) Limited

Director's report for the year ended 31 December 2004

The director presents his report and the audited group financial statements for the year ended 31 December 2004.

Results and dividends

The profit for the year, after taxation, amounted to £43,000 (2003: £735,000). The director does not recommend the payment of any dividends (2003: nil).

Principal activities and review of the business

The principal activity of the company during the year was to act as a holding company.

The principal activities of the group during the year were the manufacture and marketing of miniature electric lamps and added value assemblies.

The director, along with the Board of Trustees of the defined benefit pension scheme, made the decision to close the scheme to future accruals at 31 July 2004. Whilst this action limits the potential future liability of the scheme, it has had an adverse impact on the 2004 results; in accordance with FRS 17, the cost of scheme curtailment was £633,000. These one-off costs have been shown as exceptional costs in the profit and loss account.

The group continues to export a significant percentage of its total output to North America and the Euro zone countries. The strengthening of sterling against both the dollar and the euro in 2004 has led to significantly lower gross margins.

Directors

The directors who served the company during the year were as follows:

S Springel (Resigned 29 March 2004)

P Griswold (Appointed 29 March 2004, resigned 17 August 2005)

M Hemingway (Appointed 17 August 2005)

There are no directors' interests requiring disclosure under the Companies Act 1985.

Statement of director's responsibilities in respect of the financial statements

Company law requires the director to prepare financial statements for each financial year that 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 director is 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 group will continue in business.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Broomco (3051) Limited

Director's report for the year ended 31 December 2004 (continued)

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'S. Murphy'. The signature is written in a cursive, slightly stylized font.

S Murphy
Company secretary

Broomco (3051) Limited

Independent auditors' report to the member of Broomco (3051) Limited

We have audited the financial statements on pages 5 to 28.

Respective responsibilities of director and auditors

The director's responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 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 directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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.

Opinion

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge

31st October 2005.

Broomco (3051) Limited

Consolidated profit and loss account for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Turnover	2	11,926	11,637
Cost of sales		(9,517)	(8,888)
Gross profit		2,409	2,749
Distribution costs		(217)	(161)
Administrative expenses before exceptional costs		(1,436)	(1,434)
Exceptional costs	3	(633)	-
Operating profit	4	123	1,154
Interest receivable and similar income	7	110	112
Interest payable	8	(59)	(94)
Other finance charges	22	(56)	(45)
Profit on ordinary activities before taxation		118	1,127
Tax on profit on ordinary activities	9	(75)	(392)
Profit on ordinary activities after taxation		43	735

All activities are continuing.

There are no material differences between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss account.

Broomco (3051) Limited

Group statement of total recognised gains and losses for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Profit for the financial year		43	735
Actuarial loss on pension scheme	22	(165)	(222)
Movement on deferred tax relating to pension liability	19	50	67
Total gains and losses recognised relating to the year		(72)	580

Broomco (3051) Limited

Group balance sheet as at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Intangible assets	11	511	575
Tangible assets	12	4,316	4,313
		4,827	4,888
Current assets			
Stocks	14	1,416	1,927
Debtors	15	4,407	4,213
Cash in hand		738	294
		6,561	6,434
Creditors: amounts falling due within one year	16	(8,487)	(8,400)
Net current liabilities		(1,926)	(1,966)
Total assets less current liabilities		2,901	2,922
Creditors: amounts falling due after more than one year	17	(449)	(796)
Provisions for liabilities and charges	19	(81)	(87)
Net assets excluding pension liability		2,371	2,039
Pension liability	22	(1,863)	(1,459)
Net assets including pension liability		508	580
Capital and reserves			
Called up share capital	20	-	-
Profit and loss account	21	508	580
Equity shareholder's funds		508	580

The financial statements on pages 5 to 28 were approved by the board on
and were signed on its behalf by:

28 October 2005

M Hemingway

M Hemingway
Director

Broomco (3051) Limited

Company balance sheet as at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Investments	13	6,472	6,472
		6,472	6,472
Creditors: amounts falling due within one year	16	(6,469)	(6,469)
Net current liabilities		(6,469)	(6,469)
Total assets less current liabilities		3	3
Capital and reserves			
Called up share capital	20	-	-
Profit and loss account	21	3	3
Equity shareholder's funds		3	3

The financial statements on pages 5 to 28 were approved by the board on
and were signed on its behalf by:

28 October 2005



M Hemingway
Director

Broomco (3051) Limited

Group cash flow statement for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Net cash inflow from operating activities	26	1,603	7,592
Returns on investments and servicing of finance			
Interest received		110	112
Interest paid		(59)	(94)
Net cash inflow from returns on investments and servicing of finance		51	18
Taxation		-	1
Capital expenditure			
Payments to acquire tangible fixed assets		(456)	(267)
Receipts from sale of fixed assets		-	1
Net cash outflow from capital expenditure		(456)	(266)
Acquisitions and disposals			
Purchase of subsidiary undertaking		-	(6,472)
Net overdraft acquired with subsidiary		-	(731)
Net cash outflow from acquisitions and disposals		-	(7,203)
Cash inflow before use of financing		1,198	142
Financing			
Repayment of loans		(269)	(333)
Net cash outflow from financing		(269)	(333)
Increase / (decrease) in cash	27	929	(191)

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004

1 Principal accounting policies

Basis of accounting

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

Basis of Preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standard

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively.

As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Fixed assets

All fixed assets are initially recorded at cost.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 10 years straight line

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or valuation of each asset evenly over its expected useful life, as follows:

Freehold property	-	over 25 years
Plant and machinery	-	over 3 to 10 years

The carrying values of fixed assets are reviewed in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

1 Principal accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	purchase cost on a first-in, first-out basis
Work in progress and finished goods	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Provision is made for deferred tax liabilities and assets, using full provision accounting, otherwise known as incremental liability method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future in accordance with FRS 19.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

1 Principal accounting policies (continued)

Pension costs

For the defined contribution (money purchase) scheme, contributions are made into individual retirement accounts based on the age of the member. The contribution rate is based on the advice of actuaries. Contributions are charged to the profit and loss account during the period in which the employee is an active member of the scheme. The costs of administering the scheme and providing for death in service are met by the group.

The group also participates in a defined benefit pension scheme, the VCH International Limited Retirement Benefit Plan. The group closed the scheme to future accrual at 31 July 2004 but the Plan continues to require contributions to be made to a separately administered fund.

The pension liability recognised in the balance sheet is the obligation of the employer being the present value of scheme's liabilities less the value of the assets in the scheme. The resulting liability is stated net of credit for deferred taxation.

The pension costs for the scheme are analysed into (i) current service cost, (ii) past service cost, (iii) settlements or curtailments and (iv) net expected return on pension asset. Current service cost is the actuarially calculated present value of the benefits earned by the active employees in each period. Past service costs, relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits, are recognised in the profit and loss account on a straight-line basis over the period in which the increase in benefits vest. Settlements or curtailments are recognised in the profit and loss account to the extent that they are not allowed for in the actuarial assumptions. Losses on settlements or curtailments are measured at the date on which the employer becomes demonstrably committed to the transaction. Gains on settlements or curtailments are measured at the date on which all parties, whose consent is required, are irrevocably committed. Net expected return on the pension asset comprises the expected return on the pension scheme assets less interest on scheme liabilities.

The actuarial gains and losses which arise from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are taken to the statement of total recognised gains and losses for the period. The attributable deferred tax is shown separately in the statement of total recognised gains and losses.

2 Turnover

Turnover represents the invoiced amount of goods sold, stated net of value added tax and is attributable to one activity, the manufacture and marketing of miniature light sources.

An analysis of turnover by geographical market is given below:

	2004 £'000	2003 £'000
United Kingdom	2,541	2,954
Rest of European Union	7,061	6,427
Rest of the World	2,324	2,256
	11,926	11,637

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

3 Exceptional costs

	2004 £'000	2003 £'000
Curtailment costs relating to closure of defined benefit pension scheme to future accrual	633	-

4 Operating profit

This is stated after charging / (crediting)

	2004 £'000	2003 £'000
Auditors' remuneration		
- audit services	31	41
- non-audit services	8	9
Amortisation of goodwill	64	64
Depreciation of owned fixed assets	453	407
Net loss / (gain) on foreign currency translation	38	(150)

5 Staff costs

	2004 £'000	2003 £'000
Wages and salaries	3,567	3,640
Social security costs	323	294
Pension costs (including curtailment costs, see note 3)	720	66
	4,610	4,000

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

	2004 Number	2003 Number
Manufacturing	152	164
Engineering	16	17
Management and administration	13	14
Selling	8	8
	189	203

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

6 Directors' emoluments

	2004 £'000	2003 £'000
Emoluments	207	188

The amounts in respect of the highest paid director was as follows:

	2004 £'000	2003 £'000
Emoluments	121	106

Benefits were accrued to one (2003: one) director under a defined benefit pension scheme up to 31 July 2004 and at the year end the accrued pension for the highest paid director amounted to £13,500 (2003: £13,000).

7 Interest receivable and similar income

	2004 £'000	2003 £'000
Interest from group companies	110	112

8 Interest payable

	2004 £'000	2003 £'000
Bank interest payable	48	78
Interest payable to group companies	11	16
	59	94

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

9 Tax

(a) Tax on profit on ordinary activities:
The tax charge is made up as follows:

	2004 £'000	2003 £'000
Current tax:		
UK corporation tax	205	264
Total current tax	205	264
Deferred tax:		
Origination and reversal of timing differences	(6)	59
Pension cost relief in excess of pension cost charge	(124)	69
Total deferred tax	(130)	128
Tax on profit on ordinary activities	75	392

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30%. The differences are reconciled below:

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation	118	1,127
Profit on ordinary activities multiplied by rate of corporation tax 30%	35	338
Disallowed expenses and non-taxable income	57	9
Capital allowances in excess of depreciation	(11)	(14)
Pension cost relief in excess of pension cost charge	124	(69)
Total current tax	205	264

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

10 Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent company for the year was £Nil (2003: £3,000).

11 Intangible fixed assets

Group

	Goodwill £'000
Cost:	
At 1 January 2004	639
At 31 December 2004	639
Amortisation:	
At 1 January 2004	64
Charge for the year	64
At 31 December 2004	128
Net book value:	
At 31 December 2004	511
At 31 December 2003	575

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

12 Tangible fixed assets

Group

	Freehold land and buildings £000	Plant and Machinery £'000	Total £'000
Cost:			
At 1 January 2004	2,454	2,253	4,707
Additions	-	456	456
At 31 December 2004	2,454	2,709	5,163
Depreciation:			
At 1 January 2004	50	344	394
Charge for the year	50	403	453
At 31 December 2004	100	747	847
Net book value:			
At 31 December 2004	2,354	1,962	4,316
At 31 December 2003	2,404	1,909	4,313

The company has no tangible fixed assets.

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

13 Investments

Company

Subsidiary
Undertaking
£'000

Cost and net book amount

At 1 January 2004 and 31 December 2004	6,472
----------------------------------------	-------

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
VCH International Limited	Ordinary	100%	Holding company
Vitality Limited*	Ordinary	100%	Holding company
CML Innovative Technologies Limited*	Ordinary Preference	100% 100%	Manufacture of electric bulbs
Hivac Limited*	Ordinary	100%	Dormant

* Held indirectly

In the opinion of the director, the market value of the investment in the subsidiaries is not less than the amount at which it is stated in the financial statements.

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

14 Stocks

	Group	Company	Group	Company
	2004	2004	2003	2003
	£'000	£'000	£'000	£'000
Raw materials	347	-	291	-
Work in progress	66	-	74	-
Finished goods	1,003	-	1,562	-
	1,416	-	1,927	-

The director considers any difference between the purchase price or production cost of stocks and their replacement cost to be immaterial.

15 Debtors

	Group	Company	Group	Company
	2004	2004	2003	2003
	£'000	£'000	£'000	£'000
Trade debtors	1,790	-	1,848	-
Amounts owed by group undertakings	2,555	-	2,332	-
Prepayments and accrued income	62	-	33	-
	4,407	-	4,213	-

Amounts owed by group undertakings are unsecured and repayable on demand. Routine trading balances are interest free and amounts considered as loans carry interest at 6%.

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

16 Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2004	2004	2003	2003
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 18)	223	-	736	-
Trade creditors	583	-	337	-
Amounts owed to group undertakings	6,866	6,469	6,814	6,469
Corporation tax	474	-	269	-
Other taxation and social security	139	-	110	-
Accruals and deferred income	202	-	134	-
	8,487	6,469	8,400	6,469

Amounts owed by to group undertakings are unsecured and repayable on demand. Routine trading balances are interest free and amounts considered as loan carry interest at 5%.

17 Creditors: amounts falling due after more than one year

	Group	Company	Group	Company
	2004	2004	2003	2003
	£'000	£'000	£'000	£'000
Loans (note 18)	335	-	576	-
Amounts owed to group undertakings	114	-	220	-
	449	-	796	-

The bank loan is secured by fixed and floating charge over the assets of the group.

Amounts owed to group undertakings are unsecured, carry interest at 5% and repayable by fixed installments.

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

18 Loans

Creditors include various loans which are due for repayment as follows:

	Group	Company	Group	Company
	2004	2004	2003	2003
	£'000	£'000	£'000	£'000
Amounts repayable:				
In one year or less or on demand	223	-	251	-
In more than one year but not more than two	223	-	200	-
In more than two years but not more than five years	112	-	376	-
	558	-	827	-

19 Provisions for liabilities and charges

Group

	Note	2004 £'000	2003 £'000
Deferred tax asset			
Capital allowances in advance of depreciation		87	79
Other timing differences		(6)	8
Deferred tax excluding that relating to pension liability		81	87
Deferred tax on pension liability	22	(799)	(625)
Total deferred tax		(718)	(538)

	Deferred taxation including deferred tax on pension liability £'000
At 1 January 2004	(538)
Charged to the profit and loss account	(130)
Credited to the statement of total recognised gains and losses	(50)
At 31 December 2004	(718)

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

20 Share capital

	2004 £	2003 £
Authorised		
100 Ordinary shares of £1 each	100	100

	2004 Number	2004 £	2003 Number	2003 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	1	1	1

21 Reconciliation of shareholder's funds and movement on reserves

Group

	Share capital £'000	Profit and loss account £'000	Total share- holder's funds £'000
At 1 January 2004	-	580	580
Profit for the year	-	43	43
Actuarial loss on pension scheme	-	(165)	(165)
Movement on deferred tax relating to pension liability	-	50	50
At 31 December 2004	-	508	508

Company

	Share capital £'000	Profit and loss account £'000	Total share- holder's funds £'000
At 1 January 2004	-	3	3
At 31 December 2004	-	3	3

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

22 Pension commitments

Defined benefit plan

The group participates in the VCH International Limited Retirement Benefit Plan (the "plan") The plan is closed to new entrants and closed to future accrual from 1 August 2004. The plan provides benefits based on final pensionable pay. The assets of the plan are held separately from those of the group. It was agreed with the Trustees that contributions up to 31 July 2004 would be 6.4% of pensionable salaries plus £223,200 each year. After 31 July 2004, it was agreed with the trustees that the contributions would be £223,200 each year (pro-rata).

The most recent actuarial valuation as at 31 December 2004 was updated by Mellon Human Resources & Investor Solutions. It was then agreed with the trustees that the company contributions would be £316,300 each year until the results of the next fund actuarial review are known.

The major assumptions used by the Actuary to calculate scheme liabilities under FRS 17 are best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The major assumptions are set out below:

	2004	2003
Valuation method	Projected unit	Projected unit
Discount rate	5.25%	5.40%
Inflation rate	2.75%	2.80%
Increases to deferred benefits during deferment	2.75%	3.00%
Salary increases	0.00%	0.00%
Increases to pensions in payment	2.75%	2.80%

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

22 Pension commitments (continued)

The fair value of the scheme assets and the expected rate of return at 31 December were:

	Long-term rate of return expected at 31 December 2004	Value at 31 December 2004 £'000	Long-term rate of return expected at 31 December 2003	Value at 31 December 2003 £'000
Equities	8.00%	2,488	8.26%	2,274
Bonds	5.23%	154	5.38%	3,778
Government Stock	4.57%	4,122	4.84%	283
Properties	8.00%	-	8.26%	77
Other	4.75%	167	4.00%	78
Present value of scheme assets		6,931		6,490
Present value of insured annuity policies		50		50
Present value of scheme liabilities		(9,643)		(8,624)
Deficit in scheme		(2,662)		(2,084)
Related deferred tax asset		799		625
Net pension liability after deferred tax		(1,863)		(1,459)

At 22 October 2002 there was no pension liability as the group that contained the liability was not acquired until 16 January 2003.

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

22 Pension commitments (continued)

Analysis of the amount charged to operating profit:

	2004 £'000	2003 £'000
Current service cost	(16)	(24)
Loss on curtailment	(633)	-
Total operating charge	(649)	(24)

Analysis of the amount charged to other finance charges:

	2004 £'000	2003 £'000
Expected return on pension scheme assets	413	396
Interest on pension scheme liabilities	(469)	(441)
Net cost	(56)	(45)

Analysis of the amount recognised in the statement of total recognised gains and losses:

	2004 £'000	2003 £'000
Actual return less expected return on pension scheme assets	146	113
Experience gains and losses arising on the pension scheme liabilities	(189)	50
Impact of changes in assumptions underlying the present value of the scheme liabilities	(122)	(385)
Actuarial loss recognised in the statement of total recognised gains and losses	(165)	(222)

Movement in deficit during the financial year

	2004 £'000	2003 £'000
Deficit in scheme at beginning of the financial year	(2,084)	(2,092)
Movement in financial year:		
Current service cost	(16)	(24)
Loss on curtailment	(633)	-
Net income on scheme assets	(56)	(45)
Actuarial loss	(165)	(222)
Contributions	292	299
Deficit in scheme at end of the financial year	(2,662)	(2,084)

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

22 Pension commitments (continued)

History of experience gains and losses

	2004 £'000	2003 £'000
Difference between the expected and actual return on scheme assets	146	113
Percentage of scheme assets	2.1%	1.7%
Experience gains	(189)	50
Percentage of scheme liabilities (annualised)	(2.0)%	0.6%
Total actuarial loss recognised in the statement of total recognised gains and losses	(165)	(222)
Percentage of the present value of the scheme liabilities (annualised)	(1.7)%	(2.6)%

Defined contribution scheme

The pension costs for the defined contribution scheme, which represents contributions payable by the group, amounted to £71,000 (2003: £42,000). At the year end, an amount of £19,000 (2003: £5,000) was included in accruals.

23 Capital and other commitments

	2004 £'000	2003 £'000
Contracts placed for future capital expenditure not provided in the financial statements	-	-

24 Financial commitments

At 31 December 2004 the group did not have any material commitments under non-cancellable operating leases for assets (2003: Nil)

25 Ultimate parent company and related party transactions

At 31 December 2004 the ultimate parent company was SLI International Holdings LLC: a company incorporated in the USA.

The director considers SLI International Holdings LLC to be the controlling party by virtue of its controlling interest in the parent company's share capital.

The company has taken advantage of the exemption afforded by FRS 8 'Related party disclosures' not to disclose transactions with other group undertakings, that eliminate on consolidation.

During the year, the group transacted with various other CML Innovative Technologies group companies. Purchases during the year from these companies amounted to £1,453,000 and sales during the year amounted to £2,021,000. At the year end £292,000 is owed to these group companies and £306,000 is owed from them. The group also has an amount payable of £219,000 to CML Innovative Technologies S.A.S and an amount payable of £6,440,000 to CML International Holdings LLC and amount of £2,250,000 due from CML Innovative Technologies GmbH & Co. All transactions are undertaken on an arms length basis.

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Notes to the financial statements for the year ended 31 December 2004 (continued)

26 Reconciliation of operating profit to net cash inflow from operating activities

	2004 £'000	2003 £'000
Operating profit	123	1,154
Amortisation	64	64
Depreciation	453	407
Decrease / (increase) in stocks	511	(133)
(Increase) / decrease in debtors	(194)	362
Increase in creditors	289	6,013
Increase / (decrease) in pension liability	357	(275)
Net cash inflow from operating activities	1,603	7,592

27 Reconciliation of net cash flow to movement in net funds

	2004 £'000	2003 £'000
Increase / (decrease) in cash in the year	929	(191)
Net cash outflow from loans	269	333
Change in net funds resulting from cash flows	1,198	142
Loans acquired with subsidiary	-	(1,160)
Movement in net funds in the year	1,198	(1,018)
Net debt at 1 January 2004	(1,018)	-
Net funds at 31 December 2004	180	(1,018)

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Notes to the financial statements for the year ended 31 December 2004 (continued)

28 Analysis of changes in net funds

	At 1 January 2004 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 December 2004 £'000
Net cash:				
Cash in hand	294	444	-	738
Bank overdraft	(485)	485	-	-
	(191)	929	-	738
Debt:				
Debt due within 1 year	(251)	269	(241)	(223)
Debt due after 1 year	(576)	-	241	(335)
	(827)	269	-	(558)
Net funds	(1,018)	1,198	-	180