

Broomco (3051) Limited
Annual report
for the year ended 31 December 2005

Registered Number 4569093

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Broomco (3051) Limited

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Broomco (3051) Limited

Director and advisers for the year ended 31 December 2005

Directors

P Griswold (resigned 17 August 2005)

M A Hemingway (appointed 17 August 2005)

Z Ibrahim (appointed 1 October 2006)

Company secretary

M A Hemingway (resigned 17 August 2005)

S Murphy (appointed 17 August 2005)

S Murphy (resigned 1 October 2006)

M A Hemingway (appointed 1 October 2006)

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

Directors' report for the year ended 31 December 2005

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

Results and dividends

The loss for the year, after taxation, amounted to £138,000 (2004 profit £43,000) The directors do not recommend the payment of any dividends (2004 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 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 2005 has led to significantly lower gross margins

Directors

The directors who served the company during the year are shown on page 1

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

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group 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 group will continue in business

The directors are 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

Directors' report for the year ended 31 December 2005 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 'M A Hemingway', written in a cursive style.

M A Hemingway
Company secretary

Broomco (3051) Limited

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

We have audited the group and parent company financial statements ("the financial statements") of Broomco (3051) Limited for the year ended 31 December 2005 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Statement of Total Recognised Gains and Losses, the Cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors 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 legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 into 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 director's remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the financial statements. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and 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 judgments 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.

Broomco (3051) Limited

Independent auditor's report to the member of Broomco (3051) 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 and group's affairs at 31 December 2005 and of the loss 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

6th June 2007.

Broomco (3051) Limited

Group profit and loss account for the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Turnover	2	9,520	11,926
Cost of sales		(7,967)	(9,517)
Gross profit		1,553	2,409
Distribution costs		(182)	(217)
Administrative expenses before exceptional costs		(1,825)	(1,436)
Exceptional costs	3	(139)	(633)
Operating (loss)/profit	4	(593)	123
Interest receivable and similar income	7	110	110
Interest payable	8	(67)	(59)
Other finance charges	22	(99)	(56)
(Loss)/profit on ordinary activities before taxation		(649)	118
Tax on (loss)/profit on ordinary activities	9	511	(75)
(Loss)/profit on ordinary activities after taxation	21	(138)	43

All activities are continuing

There are no material differences between the (loss)/profit on ordinary activities before taxation and the (loss)/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 2005

	Note	2005 £'000	2004 £'000
(Loss)/profit for the financial year		(138)	43
Actuarial loss on pension scheme	22	(423)	(165)
Movement on deferred tax relating to pension liability	19	127	50
Total gains and losses recognised relating to the year		(434)	(72)

Broomco (3051) Limited

Group balance sheet as at 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Intangible assets	11	447	511
Tangible assets	12	4,101	4,316
		4,548	4,827
Current assets			
Stocks	14	1,641	1,416
Debtors	15	4,810	4,326
Cash in hand		614	738
		7,065	6,480
Creditors: amounts falling due within one year	16	(9,369)	(8,487)
Net current liabilities		(2,304)	(2,007)
Total assets less current liabilities		2,244	2,820
Creditors: amounts falling due after more than one year	17	(120)	(449)
Net assets excluding pension liability		2,124	2,371
Pension liability	22	(2,050)	(1,863)
Net assets including pension liability		74	508
Capital and reserves			
Called up share capital	20	-	-
Profit and loss account	21	74	508
Equity shareholder's funds		74	508

The financial statements on pages 6 to 28 were approved by the board on 31 May 2007 and were signed on its behalf by



M A Hemingway
Director

Broomco (3051) Limited

Company balance sheet as at 31 December 2005

	Note	2005 £'000	2004 £'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 6 to 28 were approved by the board on
and were signed on its behalf by

31 May 2007



MA Hemingway
Director

Broomco (3051) Limited

Group cash flow statement for the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Net cash (outflow)/inflow from operating activities	26	(1,047)	1,603
Returns on investments and servicing of finance			
Interest received	7	110	110
Interest paid	8	(67)	(59)
Net cash inflow from returns on investments and servicing of finance		43	51
Taxation		(132)	-
Capital expenditure			
Payments to acquire tangible fixed assets	12	(227)	(456)
Receipts from sale of fixed assets		-	-
Net cash outflow from capital expenditure		(227)	(456)
Cash inflow before use of financing		(1,363)	1,198
Financing			
Repayment of loans		(234)	(269)
Net cash outflow from financing		(234)	(269)
(Decrease)/increase in cash	27	(1,597)	929

Broomco (3051) Limited

Notes to the financial statements for the year ended 31 December 2005

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 standards.

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

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

In accordance with FRS 19, 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, with the exception of

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

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.

	2005 £'000	2004 £'000
United Kingdom	2,068	2,541
Rest of European Union	5,607	7,061
Rest of the World	1,845	2,324
	9,520	11,926

Broomco (3051) Limited

3 Exceptional administrative expenses

	2005 £'000	2004 £'000
Curtailment costs relating to closure of defined benefit pension scheme to future accrual	-	633
Restructuring costs	139	-
	139	633

4 Operating (loss)/profit

This is stated after charging / (crediting)

	2005 £'000	2004 £'000
Auditors' remuneration		
- audit services	30	31
- non-audit services	6	8
Amortisation of goodwill	64	64
Depreciation of owned fixed assets	441	453
Loss on disposals of fixed assets	1	-
Net loss / (gain) on foreign currency translation	102	38

Broomco (3051) Limited

5 Staff costs

	2005 £'000	2004 £'000
Wages and salaries	3,428	3,567
Social security costs	325	323
Pension costs	109	720
	3,862	4,610

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

	2005 Number	2004 Number
Manufacturing	143	152
Engineering	6	16
Management and administration	9	13
Selling	9	8
	167	189

6 Directors' emoluments

	2005 £'000	2004 £'000
Emoluments	187	207

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

	2005 £'000	2004 £'000
Emoluments	111	121

Benefits were accrued to no directors (2004 one) under a defined benefit pension scheme. At the year end the accrued pension for the highest paid director amounted to £13,000 (2004 £13,000)

7 Interest receivable and similar income

	2005 £'000	2004 £'000
Interest from group companies	110	110

Broomco (3051) Limited

8 Interest payable

	2005 £'000	2004 £'000
Bank interest payable	61	48
Interest payable to group companies	6	11
	67	59

9 Tax

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

	2005 £'000	2004 £'000
Current tax.		
UK corporation tax	(342)	205
Total current tax	(342)	205
Deferred tax		
Origination and reversal of timing differences	(216)	(6)
Pension cost relief in excess of pension cost charge	47	(124)
Total deferred tax	(169)	(130)
Tax on profit on ordinary activities	(511)	75

(b) Factors affecting current tax charge

The tax assessed on the (loss)/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

	2005 £'000	2004 £'000
(Loss)/profit on ordinary activities before taxation	(649)	118
(Loss)/Profit on ordinary activities multiplied by rate of corporation tax	(195)	35
Disallowed expenses and non-taxable income	2	57
Accelerated capital allowances and other timing differences	44	(11)
Tax losses	201	-
Short term timing differences	(5)	-
Pension cost relief in excess of pension cost charge	(47)	124
Adjustment in respect of previous years	(342)	-
Total current tax	(342)	205

Broomco (3051) Limited

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 (2004 £nil)

11 Intangible fixed assets

Group

	Goodwill £'000
Cost.	
At 1 January 2005	639
At 31 December 2005	639
Amortisation.	
At 1 January 2005	128
Charge for the year	64
At 31 December 2005	192
Net book value.	
At 31 December 2005	447
At 31 December 2004	511

Broomco (3051) Limited

12 Tangible fixed assets

Group

	Freehold land and buildings £000	Plant and Machinery £'000	Total £'000
Cost:			
At 1 January 2005	2,454	2,709	5,163
Additions	-	227	227
Disposals		(612)	(612)
At 31 December 2005	2,454	2,324	4,778
Depreciation:			
At 1 January 2005	100	747	847
Charge for the year	50	391	441
Disposals		(611)	(611)
At 31 December 2005	150	527	677
Net book value:			
At 31 December 2005	2,304	1,797	4,101
At 31 December 2004	2,354	1,962	4,316

Company

The company has no tangible fixed assets

Broomco (3051) Limited

13 Investments

Company

Subsidiary
Undertaking
£'000

Cost.

At 1 January 2005 and 31 December 2005

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

14 Stocks

	Group	Company	Group	Company
	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Raw materials	268	-	347	-
Work in progress	58	-	66	-
Finished goods	1,315	-	1,003	-
	1,641	-	1,416	-

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

Broomco (3051) Limited

15 Debtors

	Group	Company	Group	Company
	2005	2005	2004	2004
	£'000	£'000	£'000	£'000
Trade debtors	1,525	-	1,790	-
Amounts owed by group undertakings	3,027	-	2,555	-
Deferred Tax asset / (liability) (note 19)	135		(81)	
Prepayments and accrued income	123	-	62	-
	4,810	-	4,326	-

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%.

16 Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2005	2005	2004	2004
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	1,689	-	223	-
Trade creditors	344	-	583	-
Amounts owed to group undertakings	7,048	6,469	6,866	6,469
Corporation tax	-	-	474	-
Other taxation and social security	95	-	139	-
Accruals and deferred income	193	-	202	-
	9,369	6,469	8,487	6,469

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

Included within amounts owed to group undertakings is £132,000 (2004 £474,000) in relation to group relief received from group companies in 2003 and 2004. The remainder of the balance represents unsecured amount repayable on demand. Routine trading balances are interest free and amounts considered as loan carry interest at 5%.

Broomco (3051) Limited

17 Creditors: amounts falling due after more than one year

	Group	Company	Group	Company
	2005	2005	2004	2004
	£'000	£'000	£'000	£'000
Loans (note 18)	108	-	335	-
Amounts owed to group undertakings	12	-	114	-
	120	-	449	-

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 instalments

18 Loans

Creditors include various loans which are due for repayment as follows

	Group	Company	Group	Company
	2005	2005	2004	2004
	£'000	£'000	£'000	£'000
Amounts repayable				
In one year or less or on demand	216	-	223	-
In more than one year but not more than two	108	-	223	-
In more than two years but not more than five years	-	-	112	-
	324	-	558	-

Broomco (3051) Limited

19 Provisions for liabilities and charges

Group

Deferred tax liability/(asset)	2005 £'000	2004 £'000
Capital allowances in advance of depreciation	90	87
Tax losses carried forward	(201)	-
Other timing differences	(24)	(6)
Deferred tax excluding that relating to pension liability (note 15)	(135)	81
1 January 2005	81	87
Deferred tax credit in profit and loss account (note 9)	(216)	(6)
Total deferred tax	(135)	(81)

Deferred tax asset relating to pension deficit	2005 £'000	2004 £'000
At 1 January 2005	(799)	(625)
Charged to the profit and loss account	47	(124)
Credited to the statement of total recognised gains and losses	(127)	(50)
At 31 December 2005	(879)	(799)

20 Share capital

	2005 £	2004 £
Authorised		
100 Ordinary shares of £1 each (2004 100 Ordinary shares of £1 each)	100	100

	2005 Number	2005 £	2004 Number	2004 £
Allotted, called up and fully paid				
Ordinary shares of £1 each (2004 Ordinary shares of £1 each)	1	1	1	1

Broomco (3051) Limited

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 2005	-	508	508
Profit for the year	-	(138)	(138)
Actuarial loss on pension scheme	-	(423)	(423)
Movement on deferred tax relating to pension liability	-	127	127
At 31 December 2005	-	74	74

Company

	Share capital £'000	Profit and loss account £'000	Total share- holder's funds £'000
At 1 January 2005	-	3	3
At 31 December 2005	-	3	3

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

Broomco (3051) Limited

22 Pension commitments (continued)

covered, may not necessarily be borne out in practice The major assumptions are set out below

	2005	2004	2003
Valuation method	Projected unit	Projected unit	Projected unit
Discount rate	4.75%	5.25%	5.4%
Inflation rate	2.9%	2.75%	2.8%
Salary increases	N/A	N/A	N/A
Increases to pensions in payment	2.9%	2.75%	2.8%

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 2005 %	2005 £'000	Long-term rate of return expected at 31 December 2004 %	2004 £'000	Long-term rate of return expected at 31 December 2003 %	2003 £'000
Equity	8.00	2,965	8.00	2,488	8.26	2,274
Bonds	4.75	121	5.23	154	5.38	3,778
Government Stock	4.10	4,353	4.57	4,122	4.84	283
Properties	8.00	-	8.00	-	8.26	77
Other	4.50	243	4.75	167	4.0	78
Present value of scheme assets		7,682		6,931		6,490
Present value of insured annuity policies		50		50		50
Present value of scheme liabilities		(10,661)		(9,643)		(8,624)
Deficit in scheme		(2,929)		(2,662)		(2,084)
Related deferred tax asset		879		799		625
Net pension liability after deferred tax		(2,050)		(1,863)		(1,459)

Broomco (3051) Limited

22 Pension commitments (continued)

Analysis of the amount charged to operating profit

	2005 £'000	2004 £'000
Current service cost	-	(16)
Loss on curtailment	-	(633)
Total operating charge	-	(649)

Analysis of the amount charged to other finance charges:

	2005 £'000	2004 £'000
Expected return on pension scheme assets	400	413
Interest on pension scheme liabilities	(499)	(469)
Net cost	(99)	(56)

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

	2005 £'000	2004 £'000
Actual return less expected return on pension scheme assets	522	146
Experience gains and losses arising on the pension scheme liabilities	(7)	(189)
Impact of changes in assumptions underlying the present value of the scheme liabilities	(938)	(122)
Actuarial loss recognised in the statement of total recognised gains and losses	(423)	(165)

Movement in deficit during the financial year

	2005 £'000	2004 £'000
Deficit in scheme at beginning of the financial year	(2,662)	(2,084)
Movement in financial year:		
Current service cost	-	(16)
Loss on curtailment	-	(633)
Net income on scheme assets	(99)	(56)
Actuarial loss	(423)	(165)
Contributions	255	292
Deficit in scheme at end of the financial year	(2,929)	(2,662)

Broomco (3051) Limited

26 Reconciliation of operating loss to net cash outflow from operating activities

	2005 £'000	2004 £'000
Operating (loss)/ profit	(593)	123
Amortisation	64	64
Depreciation	441	453
Loss on disposal of fixed assets	1	-
(Increase)/decrease in stocks	(225)	511
Increase in debtors	(268)	(194)
(Decrease)/increase in creditors	(212)	289
(Decrease)/increase in pension liability	(255)	357
Net cash (outflow)/inflow from operating activities	(1,047)	1,603

27 Reconciliation of net cash flow to movement in net debt

	2005 £'000	2004 £'000
(Decrease)/increase in cash in the year	(1,597)	929
Net cash outflow from loans	234	269
Movement in net debt in the year	(1,363)	1,198
Net debt at 1 January 2005	180	(1,018)
Net debt at 31 December 2005	(1,183)	180

Broomco (3051) Limited

28 Analysis of changes in net debt

	At 1 January 2005 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 December 2005 £'000
Net cash				
Cash in hand	738	(124)	-	614
Bank overdraft	-	(1,473)	-	(1,473)
	738	(1,597)	-	(859)
Debt				
Debt due within 1 year	(223)	234	(227)	(216)
Debt due after 1 year	(335)	-	227	(108)
	(558)	234	-	(324)
Net funds/(debt)	180	(1,363)	-	(1,183)

29 Post balance sheet events

By virtue of that fact that Broomco (3051) Limited is the intermediate parent company of CML Innovative Technologies Limited, they are affected by the fact that, in 2006, the division of the group of which CML Technologies is a member entered into a European-wide financing arrangement with GMAC Commercial Financing plc. Whilst not participating in this scheme directly, the shares of CML Technologies have been pledged as part of the security on the facility.

30 Ultimate parent company

At 31 December 2005 the ultimate parent company was CML Holdings International LLC (formerly SLI Holdings International LLC), a company incorporated in the USA.

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