

ALcontrol Holdings (UK) Limited

**Directors' report and financial
statements**

Registered number 05257340

31 March 2006

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Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 March 2006.

Principal activities

The principal activity of the company is that of an intermediate holding company.

Business review

The directors are satisfied with the results for the year.

Proposed dividend

The directors do not recommend the payment of a dividend (2005: £nil).

Directors and directors' interests

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

JC Molan (appointed 17 October 2005)
GHW Baalhuis (resigned 17 October 2005)
IC Robinson

The interests of the directors in the shares of other group companies are disclosed in the directors' report of the parent company.

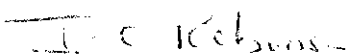
None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

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

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



IC Robinson
Director and Company Secretary

Templeborough House
Mill Close
Rotherham
S60 1BZ

22 June 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and the parent company financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors' are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

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Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of ALcontrol Holdings (UK) Limited

We have audited the financial statements (the "financial statements") of ALcontrol Holdings (UK) Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. 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 auditor's 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatement within it.

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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 ALcontrol Holdings (UK) Limited *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of the company's loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

22 June 2006

Profit and loss account
for the year ended 31 March 2006

	<i>Note</i>	Year ended 31 March 2006 £000	Restated 6 months ended 31 March 2005 £000
Turnover		-	-
Administrative expenses		(723)	-
Operating loss	2	(723)	-
Other interest receivable and similar income	5	-	12
Interest payable and similar charges	6	(25,249)	(7,596)
Loss on ordinary activities before taxation		(25,972)	(7,584)
Tax on profit on ordinary activities	7	-	-
Loss on ordinary activities after taxation		(25,972)	(7,584)
Retained loss for the financial period	13	(25,972)	(7,584)

There are no recognised gains or losses other than those disclosed in the profit and loss account.

There was no material difference between the Company's results as reported in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, no note of historical cost profits and losses has been prepared for the current period.

Balance sheet
at 31 March 2006

	Note	2006 £000	(restated) 2005 £000	£000
Fixed assets				
Investments	8	164,360		164,505
		<u>164,360</u>		<u>164,505</u>
Current assets				
Debtors (including amounts due after more than one year)	9	81,877	76,144	
Cash at bank and in hand		-	-	
		<u>81,877</u>	<u>76,144</u>	
Creditors: amounts falling due within one year	10	(33,204)	(9,197)	
Net current assets		<u>48,673</u>		<u>66,947</u>
Total assets less current liabilities		<u>213,033</u>		<u>231,452</u>
Creditors: amounts falling due after more than one year	11	(246,588)		(239,035)
Net liabilities		<u>(33,555)</u>		<u>(7,583)</u>
Capital and reserves				
Called up share capital	12	1		1
Share premium account	13	-		-
Profit and loss account	13	(33,556)		(7,584)
Shareholders' deficit		<u>(33,555)</u>		<u>(7,583)</u>

These financial statements were approved by the board of directors on 22 June 2006 and were signed on its behalf by:

IC Robinson

IC Robinson
Director

Statement of total recognised gains and losses
for the year ended 31 March 2006

	Year ended 31 March 2006 £000	(restated) 6 months ended 31 March 2005 £000
Loss for the financial year	(25,972)	(7,584)
Total recognised gains and losses relating to the financial year	(25,972)	(7,584)
Prior year adjustment (as explained note 1)	(504)	-
Total gains and losses since last annual report	(26,476)	(7,584)

Reconciliation of movements in shareholders' funds
for the year ended 31 March 2006

	Year ended 31 March 2006 £000	(restated) 6 months ended 31 March 2005 £000
Loss for the financial year	(25,972)	(7,584)
New share capital subscribed (net of issue costs)	(25,972)	(7,584)
	-	1
Net reduction in shareholders' funds	(25,972)	(7,583)
Opening shareholders' deficit (originally £7,038,000 before deducting prior year adjustment of £14,621,000)	(7,583)	-
Closing shareholders' deficit	(35,555)	(7,583)

Notes

(forming part of the financial statements)

1 Accounting policies

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

In these financial statements the following new standard has been adopted for the first time:

- FRS 25 'Financial instruments: presentation and disclosure'.

The accounting policies under these new standards are set out below.

The corresponding amounts in these financial statements are restated in accordance with the new policy.

Basis of preparation

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

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

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

As the company is a wholly owned subsidiary of ALcontrol Group Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of ALcontrol Group Holdings Limited, within which this company is included, can be obtained from the address given in note 15.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified take the legal form of the Company's own shares, the amounts presented in the financial statement for called up share capital and share premium exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

The effect on the current year of the new policy is to present £1,627,000 (2005: £504,000) as interest charges which would hitherto have been £1,627,000 (2005: £504,000) of undeclared dividends on non-equity shares.

The effect of the above on the Company is to increase the loss by £1,627,000 (2005: £504,000).

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at the date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Loss on ordinary activities before taxation

	Year ended 31 March 2006 £000	6 months ended 31 March 2005 £000
<i>Loss on ordinary activities before taxation is stated</i>		
<i>After charging</i>		
Auditors' remuneration:		
Audit	-	-
Other services - fees paid to the auditor and its associates	-	-
Fee from other group company	723	-
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Auditors' remuneration is paid by another group company.

Notes (continued)

3 Remuneration of directors

None of the directors received any remuneration for their services to the company during the year.

4 Staff numbers and costs

The company had no other employees during the period apart from the directors.

5 Other interest receivable and similar income

	Year ended 31 March 2006 £000	6 months ended 31 March 2005 £000
Bank interest	-	12

6 Interest payable and similar charges

	Year ended 31 March 2006 £000	(restated) 6 months ended 31 March 2005 £000
On bank loans and overdrafts	3,876	1,093
Payable to group undertaking	17,836	5,555
Finance costs on shares classified as liabilities	1,627	504
Net exchange losses	1,330	238
Amortisation of prepaid finance costs	580	190
Other interest	-	16
	<u>25,249</u>	<u>7,596</u>

Notes (continued)

7 Taxation

Analysis of charge in period

	Year ended 31 March 2006 £000	6 months ended 31 March 2005 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Total current tax	-	-
Deferred tax	-	-
Tax on profit on ordinary activities	-	-

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than (2005: higher than) the standard rate of corporation tax in the UK (30%, 2005: 30%). The differences are explained below.

	Year ended 31 March 2006 £000	6 months ended 31 March 2005 restated £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(25,972)	(7,584)
Current tax at 30% (2005: 30%)	(7,792)	(2,275)
<i>Effects of:</i>		
Finance charge on shares classified as liabilities	488	151
Expenses not deductible for tax purposes	1,167	1,037
Other timing differences	-	333
Movement in unprovided deferred tax	207	-
Group relief not paid for	5,930	754
Total current tax charge (see above)	-	-

Factors that may affect future current and total tax charges

The company has an unrecognised deferred tax asset of £913,000 (2005: £53,000) relating to carried forward losses at the year end. The asset has not been recognised on the basis that its recoverability is uncertain.

Notes (continued)

8 Fixed asset investments

	Shares in group undertakings £000
<i>Shares</i>	
<i>Cost</i>	
At beginning of year	164,505
Refund of investment fees	(145)
	<hr/>
At end of year	164,360
	<hr/>
<i>Provisions</i>	
At beginning and end of year	-
	<hr/>
<i>Net book value</i>	
At 31 March 2006	164,360
	<hr/>
At 31 March 2005	164,505
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The companies in which the company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
ALcontrol Holdings Limited	UK	Holding company	100% 'A' shares 100% 'B' shares 100% 'C' shares 100% 'D' shares 100% 'E' shares 100% 'X' shares

9 Debtors

	2006 £000	2005 £000
Amounts owed by group undertakings		
- due within one year	-	8
- due after more than one year	81,877	76,136
	<hr/>	<hr/>
	81,877	76,144
	<hr/>	<hr/>

Notes (continued)

10 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Bank loans and overdrafts	389	(583)
Amounts owed to group undertakings	32,573	9,564
Accruals and deferred income	242	216
	<u>33,204</u>	<u>9,197</u>

11 Creditors: amounts falling due after more than one year

	2006 £000	(restated) 2005 £000
Shares classified as liabilities	14,117	14,117
Bank loans and overdrafts	47,984	43,464
Amounts owed to group undertakings	182,314	180,950
Accruals and deferred income	2,173	504
	<u>246,588</u>	<u>239,035</u>

Amounts owed to group undertakings are unsecured. Interest is charged on the outstanding balances at an arm's length rate which is reviewed annually.

Included in bank loans and overdrafts is £3,872,000 (2005: £4,452,000) of prepaid finance costs.

Loans

The principal values of bank loans and overdrafts consist of the following amounts that are secured by fixed and floating charges over the assets of the company.

	Interest rate	Repayment date	2006 £000	2005 £000
Senior debt - term A	LIBOR + 2.25%	From 30 September 2005 to 10 December 2011	18,901	19,189
Senior debt - term B	LIBOR + 2.75%	10 December 2012	16,043	16,043
Senior debt - term C	LIBOR + 3.25%	10 December 2013	12,101	12,101
Senior debt - acquisition loan	LIBOR + 2.50%	From 30 September 2008 to 10 December 2011	5,200	-
			<u>52,245</u>	<u>47,333</u>

	2006 £000	2005 £000
Debt can be analysed as falling due:		
In one year or less, or on demand	389	(583)
Between one and two years	1,309	(583)
Between two and five years	13,208	(1,749)
In five years or more	33,467	45,796
	<u>48,373</u>	<u>42,881</u>

Notes (continued)

11 Creditors: amounts falling due after more than one year (continued)

Amounts repayable in more than five years:

	2006 £000	2005 £000
Bank loans and overdrafts	33,467	45,796

12 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
Equity: 120,000 'A' Ordinary shares of £0.01 each	1,200	1,200
Non equity: 25,000,000 redeemable preference shares of £0.01 each	250,000	250,000
300,000 Cumulative convertible participated preferred ordinary shares of £0.01 each	3,000	3,000
	<u>254,200</u>	<u>254,200</u>
	£	£
<i>Allotted, called up and fully paid</i>		
Equity: 109,184 'A' Ordinary shares of £0.01 each	1,091	1,091
Non equity: 19,999,894 redeemable preference shares of £0.01 each	199,999	199,999
280,001 Cumulative convertible participating preferred ordinary shares of £0.01 each	2,800	2,800
	<u>203,890</u>	<u>203,890</u>
	£	£
Shares classified as liabilities	202,799	202,799
Shares classified as shareholders' funds	1,091	1,091
	<u>203,890</u>	<u>203,890</u>

Preference shares

Preference shareholders have the right to receive a fixed cumulative preferential dividend at a rate of 11.6% per annum and is held within creditors payable after more than one year but do not have the right to vote at general meetings of the company. The right to receive the preference dividend has priority over the rights of the holders of any other class of shares.

Preference shares may be redeemed early by a written resolution, otherwise they are redeemable on a sale or listing or on winding up of a group company.

Notes (continued)

12 Called up share capital (continued)

Preferred ordinary shares

Dividends on the preferred ordinary shares will accrue from 10 December 2009 and will rank *pari passu* in all respects with the 'A' Ordinary shares as to dividends. The dividend will be 15% of the profit before taxation of the company. Each preferred ordinary share entitles the shareholder to one vote at general meetings of the company.

13 Share premium and reserves

	Share premium account £000	Profit and loss account £000	Total £000
At beginning of period as previously stated	13,914	(7,080)	6,834
Prior year adjustment	(13,914)	(504)	(14,418)
	<hr/>	<hr/>	<hr/>
At beginning of year as restated	-	(7,584)	(7,584)
Retained loss for the year	-	(25,972)	(25,972)
	<hr/>	<hr/>	<hr/>
At end of period	-	(33,556)	(33,556)
	<hr/>	<hr/>	<hr/>

14 Contingent liabilities

The company has guaranteed the overdrafts of its subsidiaries; the amount outstanding at the year end was £1,711,000 (2005: £nil).

In addition to the bank loans held by the company are £82,924,000 (2005: £80,393,000) of loans held by other group companies. The company is a guarantor and each guarantor irrevocably and unconditionally jointly and severably guarantees the borrowings of other group companies.

15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of ALcontrol Group Holdings Limited.

The largest group in which the results of the company are consolidated is that headed by ALcontrol Group Holdings Limited. The consolidated accounts of this company are available to the public and may be obtained from Templeborough House, Mill Close, Rotherham S60 1BZ. No other group accounts include the results of the company.