

**ALcontrol Holdings (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 05257340**

**31 March 2007**

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## Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 March 2007

### 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 (2006 £nil)

### Directors and directors' interests

The directors who held office during the year were as follows

JC Molan	(resigned 1 July 2006)
IC Robinson	(resigned 17 November 2006)
SS Gibbs	(appointed 1 July 2006)
DL Cruddace	(appointed 28 June 2007)
DC Humphreys	(appointed 17 November 2006, resigned 28 June 2007)

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Post balance sheet events

On 5 July 2007 the group, of which ALcontrol Holdings Limited is part, refinancing its existing senior bank debt. Further details can be found in account. Further details can be found in the accounts of the ultimate parent company ALcontrol Group Holdings Limited

### 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



DL Cruddace  
Director

Unit 7&8 Hawarden Business Park  
Manor Road (off Manor Lane)  
Hawarden  
Deeside  
CH5 3US

30 November 2007

## **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.



## **KPMG LLP**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

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

We have audited the financial statements of ALcontrol Holdings (UK) Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, 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 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 2.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 misstatements 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 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 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

30 November 2007

**Profit and loss account**  
*for the year ended 31 March 2007*

	<i>Note</i>	<b>2007</b> <b>£000</b>	<b>2006</b> <b>£000</b>
<b>Turnover</b>		-	-
Administrative expenses		(981)	(723)
<b>Operating loss</b>	<b>2</b>	<b>(981)</b>	<b>(723)</b>
Interest payable and similar charges	<b>5</b>	<b>(19,352)</b>	<b>(25,249)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(20,333)</b>	<b>(25,972)</b>
Tax on loss on ordinary activities	<b>6</b>	-	-
<b>Loss for the financial year</b>	<b>12</b>	<b>(20,333)</b>	<b>(25,972)</b>

All operations are continuing

There are no recognised gains or losses other than those set out above. As a result no separate statement of total recognised gains and losses has been prepared.

There was no difference between the company's results as reported in the profit and loss account and the results on an unmodified historical cost basis.

**Balance sheet**  
*at 31 March 2007*

	<i>Note</i>	2007 £000	2006 £000
<b>Fixed assets</b>			
Investments	7	164,360	164,360
		<u>164,360</u>	<u>164,360</u>
<b>Current assets</b>			
Debtors (amounts due after more than one year)	8	79,081	81,877
Cash at bank and in hand		-	-
		<u>79,081</u>	<u>81,877</u>
<b>Creditors, amounts falling due within one year)</b>	9	(55,061)	(33,204)
		<u></u>	<u></u>
<b>Net current assets</b>		<u>24,020</u>	<u>48,673</u>
<b>Total assets less current liabilities</b>		<u>188,380</u>	<u>213,033</u>
<b>Creditors, amounts falling due after more than one year</b>	10	(242,268)	(246,588)
		<u></u>	<u></u>
<b>Net liabilities</b>		<u>(53,888)</u>	<u>(33,555)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Share premium account	12	-	-
Profit and loss account	12	(53,889)	(33,556)
		<u></u>	<u></u>
<b>Equity shareholders' deficit</b>		<u>(53,888)</u>	<u>(33,555)</u>

These financial statements were approved by the board of directors on 30 November 2007 and were signed on its behalf by



**DL Cruddace**  
*Director*



**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 March 2007*

	2007 £000	2006 £000
<b>Loss for the financial year</b>	<b>(20,333)</b>	<b>(25,972)</b>
<b>Net reduction in shareholders' funds</b>	<b>(20,333)</b>	<b>(25,972)</b>
Opening shareholders' deficit	(33,555)	(7,583)
<b>Closing shareholders' deficit</b>	<b>(53,888)</b>	<b>(35,555)</b>

## 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

#### *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

The financial statements have been prepared as a going concern on the basis that the company's ultimate parent, ALcontrol Group Holdings Limited and its shareholders have indicated that they will continue to make such funds available as are needed by the company for at least 12 months from the date of approval of these financial statements. As the company is placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

#### *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

#### *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

## Notes (continued)

### 1 Accounting policies

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.

#### *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

	2007 £000	2006 £000
<i>Loss on ordinary activities before taxation is stated</i>		
<i>After charging</i>		
Auditors' remuneration		
Audit of these financial statements	3	3
Other services – fees paid to the auditor and its associates	-	-
Management charge from other group company	981	723
	<hr/>	<hr/>

Auditors' remuneration is paid by another group company

### 3 Remuneration of directors

None of the directors received any remuneration for their services to the company during the year (2006 nil)

### 4 Staff numbers and costs

The company had no other employees during the period apart from the directors (2006 nil)

## Notes (continued)

### 5 Interest payable and similar charges

	2007 £000	2006 £000
On bank loans and overdrafts	4,033	3,876
Payable to group undertaking	17,750	17,836
Finance costs on shares classified as liabilities	1,621	1,627
Net exchange (gain)/loss	(4,632)	1,330
Amortisation of prepaid finance costs	580	580
	<u>19,352</u>	<u>25,249</u>

### 6 Taxation

#### Analysis of charge in period

	2007 £000	2006 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
	<u>-</u>	<u>-</u>
Total current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	-	-
	<u>-</u>	<u>-</u>

#### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2006 higher) than the standard rate of corporation tax in the UK (30%, (2006 30%)). The differences are explained below

	2007 £000	2006 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(20,333)	(25,972)
	<u>(20,333)</u>	<u>(25,972)</u>
Current tax at 30% (2006 30%)	(6,100)	(7,792)
	<u>(6,100)</u>	<u>(7,792)</u>
<i>Effects of</i>		
Finance charge on shares classified as liabilities	486	488
Expenses not deductible for tax purposes	-	1,167
Transfer pricing adjustment	1,127	207
Group relief not paid for	4,487	5,930
	<u>6,099</u>	<u>7,792</u>
Total current tax charge (see above)	-	-
	<u>-</u>	<u>-</u>

#### Factors that may affect future current and total tax charges

The company has an unrecognised deferred tax asset of £913,000 (2006 £913,000) 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)

### 7 Fixed asset investments

	Shares in group undertakings £000
<i>Shares</i>	
<i>Cost</i>	
At beginning and end of year	164,360

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>			
<b>Directly held</b>			
ALcontrol Holdings Limited	UK	Holding company	100% 'A' shares 100% 'B' shares 100% 'C' shares 100% 'D' shares 100% 'E' shares 100% 'X' shares
<b>Indirectly held</b>			
ALcontrol Financial Limited	UK	Finance company	100% ordinary
ALcontrol Trustee Company Limited	UK	Trustee Company	100% ordinary

### 8 Debtors

	2007 £000	2006 £000
Amounts owed by group undertakings - due after more than one year	79,081	81,877

### 9 Creditors. amounts falling due within one year

	2007 £000	2006 £000
Bank loans and overdrafts	1,290	389
Amounts owed to group undertakings	53,752	32,573
Accruals and deferred income	19	242
	55,061	33,204

## Notes (continued)

### 10 Creditors: amounts falling due after more than one year

	2007 £000	2006 £000
Shares classified as liabilities	14,117	14,117
Bank loans and overdrafts	46,124	47,984
Amounts owed to group undertakings	178,232	182,314
Accruals and deferred income	3,795	2,173
	<u>242,268</u>	<u>246,588</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 £3,293,000 (2006 £3,872,000) 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	2007 £000	2006 £000
Senior debt - term A	LIBOR + 2.25%	From 30 September 2005 to 10 December 2011	17,750	18,901
Senior debt - term B	LIBOR + 2.75%	10 December 2012	15,654	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	5,200
			<u>50,705</u>	<u>52,245</u>

	2007 £000	2006 £000
Debt can be analysed as falling due		
In one year or less, or on demand	1,290	389
Between one and two years	3,981	1,309
Between two and five years	15,355	13,208
In five years or more	26,788	33,467
	<u>47,414</u>	<u>48,373</u>

Amounts repayable in more than five years

	2007 £000	2006 £000
Bank loans and overdrafts	26,788	33,467

## Notes (continued)

### 11 Called up share capital

	2007 £	2006 £
<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.

### 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.

## Notes (continued)

### 12 Share premium and reserves

	Share premium account £000	Profit and loss account £000	Total £000
At beginning of year	-	(33,556)	(33,556)
Retained loss for the year	-	(20,333)	(20,333)
	<hr/>	<hr/>	<hr/>
At end of year	-	(53,889)	(53,889)
	<hr/>	<hr/>	<hr/>

### 13 Contingent liabilities

The company has guaranteed the overdrafts of its subsidiaries, the amount outstanding at the year end was £3,634,000 (2006 £1,711,000)

In addition to the bank loans held by the company are £76,873,000 (2006 £82,924,000) 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

### 14 Post balance sheet events

On 5 July 2007 the group completed the refinancing of its senior bank debt, including the debt owed by ALcontrol Holdings (UK) Limited disclosed in note 10. Further details of the refinancing are disclosed in the notes of the ultimate parent company, ALcontrol Group Holdings Limited

### 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 Unit 7 & 8 Hawarden Business Park, Manor Road (off Manor Lane), Hawarden, Deeside CH5 3US. No other group accounts include the results of the company