

**ALcontrol Holdings (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 05257340**

**31 March 2008**



## Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of ALcontrol Holdings (UK) Limited	4
Profit and loss account	6
Balance sheet	7
Reconciliation of movements in shareholders' funds	8
Notes	9

## Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 March 2008.

### 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 which are set out on page 6.

On 5 July 2007 the ALcontrol Group Holdings Limited group, of which ALcontrol Holdings (UK) Limited is a member, refinanced its senior bank debt of £127,578,000. The debt was replaced with senior B, C debt and 2<sup>nd</sup> Lien and PIK note. The directors believe the new structure best serves the interest of the business and has improved the financial stability of the group.

During the year the Sterling to Euro exchange rate fell 13%. The impact upon the company has been to recognise an exchange loss of £26.5m as a result of retranslating the value of Euro denominated debt at the year end.

### Proposed dividend

The directors do not recommend the payment of a dividend (2007: £nil).

### Directors and directors' interests

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

SS Gibbs	(appointed 1 July 2006)
DL Cruddace	(appointed 28 June 2007)
DC Humphreys	(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.

### Financial instruments

The Group's principal financial instruments, other than derivatives, comprise bank loans, finance leases and hire purchase contracts and cash. The Group also enters into derivative transactions, principally interest rate swaps. The purpose is to manage the interest rate arising from the Group's operations and its sources of finance.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments.

## **Directors' report** *(continued)*

### *Credit risk*

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's net exposure to bad debts is not material.

There are no significant concentrations of credit risk within the Group.

### *Liquidity risk*

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of, and reliance upon bank overdrafts, annually renewable revolver facilities, bank loans, and finance leases and hire purchase contracts.

### *Foreign exchange risk*

The Group operates throughout Europe and therefore has an exposure to exchange rate fluctuations principally in Euros and Swedish Krona. Currency exposures are reviewed regularly by the Board.

### **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

4 December 2008

## **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 financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the 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 UK 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 2008 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 3.

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 2008 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*

4 December 2008

**Profit and loss account**  
*for the year ended 31 March 2008*

	<i>Note</i>	<b>2008 £000</b>	<b>2007 £000</b>
<b>Turnover</b>			
Administrative expenses		(846)	(981)
<b>Operating loss</b>	2	(846)	(981)
Interest payable and similar charges	5	(50,041)	(19,352)
<b>Loss on ordinary activities before taxation</b>		(50,887)	(20,333)
Tax on loss on ordinary activities	6	-	-
<b>Loss for the financial year</b>	12	(50,887)	(20,333)

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 different 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 2008*

	Note	2008 £000	2007 £000
<b>Fixed assets</b>			
Investments	7	164,360	164,360
		<u>164,360</u>	<u>164,360</u>
<b>Current assets</b>			
Debtors falling due within one year		-	-
Debtors falling due after more than one year		76,145	79,081
Total debtors	8	76,145	79,081
Cash at bank and in hand		-	-
		<u>76,145</u>	<u>79,081</u>
<b>Creditors: amounts falling due within one year</b>	9	(1,691)	(55,061)
		<u></u>	<u></u>
<b>Net current assets</b>		<u>74,454</u>	<u>24,020</u>
<b>Total assets less current liabilities</b>		<u>238,814</u>	<u>188,380</u>
<b>Creditors: amounts falling due after more than one year</b>	10	(343,589)	(242,268)
		<u></u>	<u></u>
<b>Net liabilities</b>		<u>(104,775)</u>	<u>(53,888)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Share premium account	12	-	-
Profit and loss account	12	(104,776)	(53,889)
		<u></u>	<u></u>
<b>Equity shareholders' deficit</b>		<u>(104,775)</u>	<u>(53,888)</u>

These financial statements were approved by the board of directors on 4 December 2008 and were signed on its behalf by:

  
DL Cruddace  
Director

**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 March 2008*

	2008 £000	2007 £000
<b>Loss for the financial year</b>	<b>(50,887)</b>	<b>(20,333)</b>
<b>Net reduction in shareholders' funds</b>	<b>(50,887)</b>	<b>(20,333)</b>
Opening shareholders' deficit	(53,888)	(33,555)
<b>Closing shareholders' deficit</b>	<b>(104,775)</b>	<b>(53,888)</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.

#### *Going concern*

The company is a member of the ALcontrol Group Holdings Limited group of companies which had consolidated net liabilities of £111.9m at 31 March 2008. This company is a guarantor for the various bank loans held by other group companies and has significant intercompany balances with other members of the ALcontrol group. The company is dependent for its continued operational existence on funds provided to it by members of the ALcontrol group which in turn are dependent on the going concern of the group.

These financial statements have been prepared on a going concern basis for the following reasons:

- ALcontrol Group Holdings Limited and its other subsidiary undertakings have indicated that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the company and in particular will not seek repayments of the amounts currently made available. 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.
- The directors of ALcontrol Group Holdings Limited are satisfied that it is appropriate for the group's financial statements to be prepared on a going concern basis as disclosed in the financial statements of that company for the year ended 31 March 2008.

#### *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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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.

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

	2008 £000	2007 £000
<i>Loss on ordinary activities before taxation is stated</i>		
<i>After charging</i>		
Management charge from other group company	846	981
Auditors' remuneration:		
Audit of these financial statements	3	3

Amounts paid to the Company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

## Notes (continued)

### 3 Remuneration of directors

None of the directors received any remuneration for their services to the company during the year (2007: nil).

### 4 Staff numbers and costs

The company had no other employees during the period apart from the directors (2007: nil).

### 5 Interest payable and similar charges

	2008 £000	2007 £000
On bank loans and overdrafts	3,840	4,033
Payable to group undertaking	14,654	17,750
Finance costs on shares classified as liabilities	1,642	1,621
Net exchange (gain)/loss	26,514	(4,632)
Amortisation and write-off of prepaid finance costs	3,391	580
	<u>50,041</u>	<u>19,352</u>

### 6 Taxation

#### Analysis of charge in year

	2008 £000	2007 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
	<u>-</u>	<u>-</u>
Total current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	-	-
	<u>-</u>	<u>-</u>

## Notes (continued)

### 6 Taxation (continued)

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

The current tax charge for the year is higher (2007: higher) than the standard rate of corporation tax in the UK (30%, (2007: 30%)). The differences are explained below.

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(50,887)	(20,333)
Current tax at 30% (2007: 30%)	(15,266)	(6,100)
<i>Effects of:</i>		
Finance charge on shares classified as liabilities	492	486
Expenses not deductible for tax purposes	-	-
Transfer pricing adjustment	(577)	1,127
Group relief not paid for	12,514	4,487
Creation of tax losses	2,837	-
Total current tax charge (see above)	-	-

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

The company has tax losses and other timing differences totalling £4,618,000 (2007: £913,000) at the year end. No deferred tax asset has been recognised on the basis that recoverability of these assets 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
ALcontrol UK Limited	UK	Environmental Testing	100% ordinary
ALcontrol Netherlands Limited	UK	Non-trading	100% ordinary

### 8 Debtors

	2008 £000	2007 £000
Amounts owed by group undertakings		
- due within one year	-	-
- due after more than one year	76,145	79,081

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

	2008 £000	2007 £000
Bank loans and overdrafts	-	1,290
Amounts owed to group undertakings	712	53,752
Accruals and deferred income	979	19
	1,691	55,061

## Notes (continued)

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

	2008 £000	2007 £000
Shares classified as liabilities	14,117	14,117
Bank loans and overdrafts	47,680	46,124
Amounts owed to group undertakings	276,357	178,232
Accruals and deferred income	5,435	3,795
	<u>343,589</u>	<u>242,268</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 £840,000 (2007: £3,293,000) of prepaid finance costs.

#### Loans

As part of the refinancing during the year the company repaid all loan balances outstanding at 31 March 2007. This was replaced by new group loans of £48,520,000 at 31 March 2008. Details of the original and new loan balances are set out below:

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	2008 £000	2007 £000
Senior debt - term A	LIBOR + 2.25%	From 30 September 2005 to 10 December 2011	-	17,750
Senior debt - term B	LIBOR + 2.75%	10 December 2012	-	15,654
Senior debt - term C	LIBOR + 3.25%	10 December 2013	-	12,101
Senior debt - acquisition loan	LIBOR + 2.50%	From 30 September 2008 to 10 December 2011	-	5,200
			<u>-</u>	<u>50,705</u>
			<u>-</u>	<u>-</u>
	Interest rate	Repayment date	2008 £000	2007 £000
Senior debt - term B	Sterling: LIBOR + 2.75%	30 June 2013	4,208	-
	Euro:EURIBOR + 2.75%	30 June 2013	5,780	-
Senior debt - term C	Sterling: LIBOR + 3.25%	31 December 2013	4,208	-
	Euro:EURIBOR + 3.25%	31 December 2013	5,780	-
Senior debt - term D	Sterling: LIBOR + 4.5%	30 June 2014	17,918	-
	Euro:EURIBOR + 4.5%	30 June 2014	10,626	-
			<u>48,520</u>	<u>-</u>

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.

## Notes (continued)

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

	2008 £000	2007 £000
Debt can be analysed as falling due:		
In one year or less, or on demand	-	1,290
Between one and two years	-	3,981
Between two and five years	-	15,355
In five years or more	47,680	26,788
	<u>47,680</u>	<u>47,414</u>

Amounts repayable in more than five years:

	2008 £000	2007 £000
Bank loans and overdrafts	47,680	26,788

### 11 Called up share capital

	2008 £	2007 £
<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>

## Notes (continued)

### 11 Called up share capital (continued)

#### 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.

### 12 Share premium and reserves

	Share premium account £000	Profit and loss account £000	Total £000
At beginning of year	-	(53,889)	(53,889)
Retained loss for the year	-	(50,887)	(50,887)
	<hr/>	<hr/>	<hr/>
At end of year	-	(104,776)	(104,776)
	<hr/>	<hr/>	<hr/>

### 13 Contingent liabilities

The company has guaranteed the overdrafts of its subsidiaries; the amount outstanding at the year end was £ nil (2007: £3,634,000).

In addition to the bank loans held by the company are £102,327,000 (2007: £76,873,000) 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 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.