

VG Scienta Limited

Report and Financial Statements

31 December 2008

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COMPANIES HOUSE

VG Scienta Limited

Registered No. 5361640

Directors

C J M Beckman
S G Tegendal
J E T Edhäll

Secretary

Goodwille Limited

Auditors

Ernst & Young LLP
1 More London Place
London, SE1 2AF

Bankers

Svenska Handelsbanken AB (publ),
Trinity Tower
9 Thomas More Street
London E1W 1GE.

Solicitors

Cripps Harries Hall LLP
Wallside House
12 Mount Ephraim Road
Tunbridge Wells
Kent TN1 1EG

Registered Office

Goodwille Ltd
St James House,
13 Kensington Square
London W8 5HD

Directors' report

The directors present their report and financial statements for the year ended 31 December 2008.

Results and dividends

The profit for the year after taxation amounted to £464,590 (2007 – profit of £262,441). The directors do not recommend a final dividend.

Principal activity and review of the business

The company is active in the areas of surface physics and high-vacuum technology. In 2008 the performance was improved on previous year due to expansion into new product areas. The result was also enhanced in the second half by the movement in exchange rates for export business.

	2008	2007	Change
	£	£	%
Orders	9,807,726	10,293,977	-5%
Turnover	10,456,591	9,473,470	+10%

The company's order intake for the year was lower compared with 2007, due to a large system contract taken in 2007 and the continued effect of contracts relating to supplies required over a number of years. The level of orders continues to underpin the forecast growth in the business.

Turnover increased in the year supported by long term contracts for the supply of components.

The company continues to invest in research and development to enhance the catalogue offering whilst also developing skills and products for our non standard market.

Future developments

The directors consider that the business will continue to operate in the market of surface physics and high vacuum technology.

Principal risks and uncertainties

The directors have established controls to mitigate the following risks appropriate to the size and complexity of the business:

Price risk

The market for the company's low end products has experienced some competitive pressure on prices and the company's strategy has allowed continued profitable operation in this segment.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's policies are aiming at minimising losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The company's trade debtors as at the year end, are shown in note 13.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated to financial liabilities. The company manages its liquidity risk by use of a mixture of long term loans and short term overdraft facilities with the group's bankers.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The company has established cash forecasting models to manage cash flow within the constraints of the company's banking facilities.

Directors' report

Directors

The directors during the year were as follows:

C J M Beckman

S G Tegendal

J E T Edhäll

Disclosure of information to the auditors

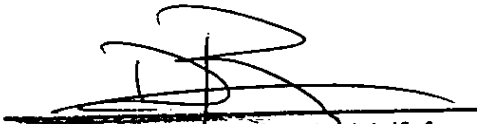
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

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

By order of the board

Secretary


Authorized signatory for and on behalf of
GOODWILLE LIMITED

26 MAR 2009

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the company for that period. In preparing these 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of VG Scientia Limited

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 23. 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 United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report

to the members of VG Scientia Limited

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's affairs as at 31 December 2008 and of its profit 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.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

31 March 2009

Profit and loss account

for the year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover	2	10,456,591	9,473,470
Cost of sales		7,669,413	7,273,713
Gross profit		2,787,178	2,199,757
Net operating expenses	3	1,956,734	1,635,310
Operating profit	4	830,444	564,447
Disposal of assets		72,738	—
Intercompany interest receivable	7	10,205	12,062
Interest payable	7	(199,108)	(246,156)
Profit on ordinary activities before taxation		714,279	330,353
Tax on profit on ordinary activities	8	(249,689)	(67,912)
Profit for the financial year	18	464,590	262,441

Statement of total recognised gains and losses

for the year ended 31 December 2008

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

Balance sheet

at 31 December 2008

	Notes	2008 £	2007 £
Fixed assets			
Intangible fixed assets	9	76,059	80,763
Tangible assets	10	2,233,661	2,441,884
Investment in subsidiary	11	1	1
		<u>2,309,721</u>	<u>2,522,648</u>
Current assets			
Stocks	12	2,641,678	2,491,479
Debtors	13	1,875,724	1,723,224
Cash at bank and in hand		548,466	1,578
		<u>5,065,868</u>	<u>4,216,281</u>
Creditors: amounts falling due within one year	14	(2,870,231)	(3,120,916)
		<u>2,195,637</u>	<u>1,095,365</u>
Net current assets			
		<u>4,505,358</u>	<u>3,618,013</u>
Total assets less current liabilities			
Provisions	15	(128,583)	(70,557)
Creditors: amounts falling due after more than one year	16	(1,850,510)	(1,485,781)
		<u>2,526,265</u>	<u>2,061,675</u>
Capital and reserves			
Called up share capital	17	1	1
Unconditional shareholders' contribution	18	1,970,848	1,970,848
Profit and loss account	18	555,416	90,826
		<u>2,526,265</u>	<u>2,061,675</u>
Equity shareholders' funds	18		
		<u>2,526,265</u>	<u>2,061,675</u>

The financial statements were approved for issue by the board of directors on

Director

John Belton 26/03/09

Notes to the financial statements

at 31 December 2008

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Going concern

The directors have prepared the financial statements on the going concern basis. The company is dependent upon the continuing financial support of the parent undertaking and, as such, the parent has confirmed its intention to continue to provide ongoing financial support for the foreseeable future, should it be necessary, to enable the company to pay its debts as and when they fall due.

Group financial statements

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Statement of cash flows

The company has taken advantage of the exemption afforded by s228 of the Companies Act 1985 because during the year it was a wholly owned subsidiary of Gammadata Holding AB which prepares consolidated financial statements which are publicly available. On this basis, the company was exempt from the requirement of FRS 1 to present a statement of cash flows.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its estimated useful economic life of twenty years. It was reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Fixed assets

Fixed assets are initially recorded at fair value where arising from acquisition and otherwise at cost.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods.

Contracts

Revenue from contract is recognised when the terms of the contract have been completed including installation if applicable.

Notes to the financial statements

at 31 December 2008

1. Accounting policies (continued)

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Depreciation

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

Leasehold building	–	over 30 years
Plant and machinery	–	over 3 to 10 years
Other equipment	–	over 3 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

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

Raw material	–	purchase cost on a first-in, first out basis.
Work in progress and finished goods	–	cost of direct materials and labour and attributable overheads

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

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

Notes to the financial statements

at 31 December 2008

1. Accounting policies (continued)

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees which are funded by the payment of contributions to a separately administered fund. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they are paid.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2008 £	2007 £
UK	3,611,103	2,852,272
Europe	4,896,028	4,960,556
Asia	795,890	682,240
United States of America	1,153,570	978,402
	<u>10,456,591</u>	<u>9,473,470</u>

In accordance with SSAP25 Segmental Reporting, the directors have elected to omit further segmental information, as they consider the disclosure of this information to be prejudicial to the interests of the company.

Notes to the financial statements

at 31 December 2008

3. Operating expenses

	2008	2007
	£	£
Distribution costs	776,233	580,096
Administrative costs	1,180,501	1,055,214
	<u>1,956,734</u>	<u>1,635,310</u>

4. Operating profit

This is stated after charging:

	2008	2007
	£	£
Research and development expenditure written off	227,834	166,729
Auditor's remuneration – audit of financial statements	32,500	30,000
– taxation services	10,300	11,600
Depreciation of owned fixed assets	321,211	310,360
Depreciation of fixed assets under finance lease	17,100	7,125
Amortisation of goodwill	4,704	4,705
Operating lease rentals – land and buildings	33,000	22,000
Foreign exchange differences	12,250	31,077
	<u></u>	<u></u>

5. Directors' emoluments

	2008	2007
	£	£
Aggregate emoluments in respect of qualifying services	110,759	108,573
	<u></u>	<u></u>
Company contributions paid to defined contribution pension schemes	10,138	8,567
	<u></u>	<u></u>
	No.	No.
Members of defined contribution pension schemes	1	1
	<u></u>	<u></u>

Notes to the financial statements

at 31 December 2008

6. Staff costs

	2008	2007
	£	£
Wages and salaries	3,042,229	2,731,660
Social security costs	300,093	291,428
Other pension costs	195,711	192,450
	<u>3,538,033</u>	<u>3,215,538</u>

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

	2008	2007
	No.	No.
Administration	40	40
Manufacturing	75	69
	<u>115</u>	<u>109</u>

7. Interest

	2008	2007
	£	£
Interest receivable from group undertakings	10,205	12,062
Interest payable to group undertakings	47,351	60,559
Bank interest payable	151,757	185,597
	<u>199,108</u>	<u>246,156</u>

Notes to the financial statements

at 31 December 2008

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2008 £	2007 £
<i>Current tax:</i>		
UK corporation tax on the profit for the year	236,469	54,681
Under provision in prior years	4,739	–
Total current tax (note 8(b))	241,208	54,681
<i>Deferred tax:</i>		
Origination and reversal of timing differences	9,638	13,231
Effect of changes in tax rate on opening liability	(1,157)	–
Total deferred tax (note 8(c))	8,481	13,231
Total tax charge for the year	249,689	67,912

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher (2007 – lower) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	714,279	330,353
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	203,569	99,106
<i>Effects of:</i>		
Expenses not deductible for tax purposes	60,860	(3,680)
Capital allowances in (advance)/arrears of depreciation	(47,385)	26,686
Other timing differences	19,425	3,176
Utilised tax losses	–	(70,607)
Adjustment in respect of prior periods	4,739	–
Current tax for the year (note 8(a))	241,208	54,681

Notes to the financial statements

at 31 December 2008

8. Tax (continued)

Deferred taxation recognised in the financial statements is as follows:

	2008 £	2007 £
Capital allowances in advance/(arrear) of depreciation	9,601	(39,158)
Other timing differences	(46,939)	(6,661)
	<u>(37,338)</u>	<u>(45,819)</u>
		£
Deferred tax brought forward 1 January 2008 (note 13)		(45,819)
Deferred tax credit in profit and loss account for the year		27,470
Adjustments in respect of prior years		(18,989)
Deferred tax asset at 31 December 2008 (note 13)		<u>(37,338)</u>
(c) Factors that may affect future tax charges		

Effective 1st April 2008, the UK Government has reduced the UK corporate tax rate from 30% to 28%.

9. Intangible fixed assets

	Goodwill £
As at 31 December 2007 and 31 December 2008	94,093
Amortisation:	
As at 1 January 2008	13,330
Charge for the year	4,704
At 31 December 2008	<u>18,034</u>
Net book value:	
At 31 December 2008	76,059
At 31 December 2007	<u>80,763</u>

Goodwill is being written off in equal annual instalments over its estimated economic life of 20 years.

Notes to the financial statements

at 31 December 2008

10. Tangible fixed assets

	<i>Long Leasehold buildings</i>	<i>Plant and machinery</i>	<i>Other equipment</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 31 December 2007	1,950,000	1,222,206	159,440	3,331,646
Additions	—	46,833	83,255	130,088
At 31 December 2008	1,950,000	1,269,039	242,695	3,461,734
Depreciation:				
At 31 December 2007	179,189	590,154	120,419	889,762
Provided during the year	63,243	238,745	36,323	338,311
At 31 December 2008	242,432	828,899	156,742	1,228,073
Net book value:				
At 31 December 2008	1,707,568	440,140	85,953	2,233,661
At 31 December 2007	1,770,811	632,052	39,021	2,441,884

The net book value of assets above includes an amount of £61,275 (2007 – £78,378) in respect of assets held under finance leases.

11. Investments

	<i>Subsidiary undertaking</i>
	£
At 31 December 2008 and 31 December 2007	1

The company has an interest at the year end of more than 20% in the following subsidiary undertaking:

<i>Subsidiary undertaking</i>	<i>Country of incorporation</i>	<i>Class and percentage of shares held</i>	<i>Principal activity</i>
Vacuum Generators Inc	United States of America	Ordinary 100%	Sales and distribution

Notes to the financial statements

at 31 December 2008

12. Stocks

	2008	2007
	£	£
Raw materials and consumables	1,740,033	1,597,145
Work in progress	517,028	607,577
Finished goods and goods for resale	384,617	286,757
	<u>2,641,678</u>	<u>2,491,479</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. Debtors

	2008	2007
	£	£
Trade debtors	1,145,974	942,542
Amounts owed by group undertakings	455,799	607,243
Other debtors	117,476	80,323
Prepayments and accrued income	119,137	47,297
Corporation tax	—	—
Deferred tax asset (note 8(c))	37,338	45,819
	<u>1,875,724</u>	<u>1,723,224</u>

14. Creditors: amounts falling due within one year

	2008	2007
	£	£
Bank overdraft (secured)	—	752,550
Current instalments due on bank loan 1 (note 16)	57,268	53,538
Current instalments due on bank loan 2 (note 16)	58,807	—
Current instalments due to parent company (note 16)	386,307	301,103
Current instalments due on HP Leases (note 16)	16,112	14,877
Current instalments due on asset subject to chattels mortgage (note 16)	53,704	47,652
Trade creditors	912,120	1,018,741
Amounts owed to group undertaking	32,721	18,467
Corporation tax	275,268	34,060
Other creditors	702,398	590,577
Other taxes and social security costs	85,709	72,552
Accruals and deferred income	289,817	216,799
	<u>2,870,231</u>	<u>3,120,916</u>

Notes to the financial statements

at 31 December 2008

15. Provisions

The company provides for the estimated warranty costs, based on experience with similar products, in relation to the contracted commitments regarding sales in the year. These commitments range from three months to two years dependant upon the type of product. Movement for the year is as follows

	2008 £
Balance at 1 January 2008	70,557
Arising during the year	108,531
Utilised	(50,505)
Balance at 31 December 2008	<u>128,583</u>

16. Creditors: amounts falling due after more than one year

	2008 £	2007 £
Bank loans	1,492,626	818,500
HP lease finance	49,809	65,921
Chattels Mortgage	107,313	161,909
Amounts due to parent undertaking: Euro 603,704 loan at 7.965% per annum	200,762	439,451
	<u>1,850,510</u>	<u>1,485,781</u>

The analysis of the bank loan, asset finance and amounts due to parent undertaking is as follows:

	<i>Bank loans</i> 2008 £	<i>Asset finance</i> 2008 £	<i>Amount due to parent undertaking</i> 2008 £	<i>Total</i> 2008 £
Amounts falling due:				
In one year or less	116,075	69,816	386,307	572,198
Between one and two years	124,272	74,804	200,762	399,838
Between two and five years	429,313	82,318	–	511,631
More than five years	939,041	–	–	939,041
	<u>1,608,701</u>	<u>226,938</u>	<u>587,069</u>	<u>2,422,708</u>
Less: amounts falling due within one year (note 14)	116,075	69,816	386,307	572,198
	<u>1,492,626</u>	<u>157,122</u>	<u>200,762</u>	<u>1,850,510</u>

Notes to the financial statements

at 31 December 2008

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

The analysis of the asset finance is as follows:

	2008			
	<i>Hire purchase</i>	<i>Chattel</i>	<i>Chattel</i>	<i>Total</i>
	<i>agreement</i>	<i>Mortgage</i>	<i>Mortgage 2</i>	
	2008	2008	2008	2008
	£	£	£	£
Amounts falling due:				
In one year or less	16,112	41,544	12,160	69,816
Between one and two years	17,449	45,123	12,232	74,804
Between two and five years	32,360	28,097	21,861	82,318
	65,921	114,764	46,253	226,938
Less: amounts falling due within one year	16,112	41,544	12,160	69,816
	49,809	73,220	34,093	157,122
		<i>Bank</i>	<i>Bank</i>	
		<i>Loan1</i>	<i>Loan2</i>	<i>Total</i>
		2008	2008	2008
		£	£	£
Amounts falling due:				
In one year or less		57,268	58,807	116,075
Between one and two years		61,251	63,021	124,272
Between two and five years		212,814	216,499	429,313
More than five years		487,332	451,709	939,041
		818,665	790,036	1,608,701
Less: included in creditors: amounts falling due within one year		57,268	58,807	116,075
		761,397	731,229	1,492,626

Bank loan

The above bank loan1 together with interest thereon, is repayable in variable monthly payments of approximately £9,200 from the date of drawdown of the loan monies.

Interest on the above bank loan is charged monthly at the Bank of England's base rate plus a margin of 2% per annum.

The above bank loan2 together with interest thereon, is repayable in variable monthly payments of approximately £9,000 from the date of drawdown of the loan monies.

Interest on the above bank loan is charged monthly at the Bank of England's base rate plus a margin of 2.5% per annum.

The bank loans and overdraft are secured by way of first priority legal charge over the company's property and a mortgage debenture creating, inter alia, first fixed and floating charges over all the company's assets and undertaking, both present and future.

Notes to the financial statements

at 31 December 2008

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

The bank loans are subject to a bank covenant that the EBIT should be no less than 225% of the aggregate total interest paid calculated at each quarter end based on a twelve month rolling figure.

Hire purchase contract

The above hire purchase agreement together with interest thereon, is repayable in equal monthly payments of £1,733 from the date of drawdown of the finance monies.

Interest on the above chattel mortgage is charged monthly at 8% per annum.

The hire purchase agreement is for a Matsuura machining centre and is over a five year period starting August 2007.

Chattel mortgage

The chattel mortgage 1 together with interest thereon, is repayable in equal monthly payments of £4,124 from the date of drawdown of the finance monies.

Interest on the above bank loan is charged monthly at 6.29% per annum.

The chattel mortgage 1 is for plant and machinery and is over a four year period starting September 2007.

The chattel mortgage 2 together with interest thereon, is repayable in equal monthly payments of £1,221 from the date of drawdown of the finance monies.

Interest on the above chattel mortgage is charged monthly at 6.23% per annum.

The chattel mortgage 2 is for plant and machinery and is over a five year period starting September 2007.

17. Authorised and issued share capital

		2008	2007
		£	£
<i>Authorised</i>			
Ordinary shares of £1 each		1	1
		<u> </u>	<u> </u>
		2008	2007
		No. £	No. £
<i>Allotted, called up and fully paid</i>			
Ordinary shares of £1 each	1	1	1
		<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2008

18. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Unconditional shareholder's contribution £	Profit and loss account £	Total £
At 31 December 2006	1	1,970,848	(171,615)	1,799,234
Profit for the year	–	–	262,441	262,441
At 31 December 2007	1	1,970,848	90,826	2,061,675
Profit for the year	–	–	464,590	464,590
At 31 December 2008	1	1,970,848	555,416	2,526,265

Unconditional shareholder's contribution represents funds which have been provided to the company by the owners as an irrevocable contribution to the shareholders' funds.

19. Other financial commitments

At 31 December the company had annual commitments under non-cancellable operating leases as set out below:

	2008 £	Land and buildings 2007 £
Operating leases which expire: in over five years	33,000	22,000

20. Pension commitments

The company operates a defined contribution pension scheme for employees which is funded by the payment of contributions to a separately administered fund. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost for the year ended 31 December 2008 and 2007 represents contributions payable by the company to the scheme and amounts to £195,711 and £192,450, respectively. Contributions amounting to £nil were payable to the scheme as at 31 December 2008 and 2007.

21. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Gammadata Holding AB group, as group financial statements, which include the company, are publicly available.

22. Capital Commitments

The company has committed to purchase a new piece of capital equipment for delivery in March 2009, and the outstanding amount authorised but not paid at 31 December 2008 was £206,250 (2007: £nil).

Notes to the financial statements

at 31 December 2008

23. Ultimate parent undertaking and controlling party

The directors consider the immediate and ultimate parent undertaking and controlling party to be Gammadata Holding AB, a company incorporated in Sweden.

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Gammadata Holding AB, incorporated in Sweden.

Copies of these financial statements are available from PO Box 15120, SE-750, Uppsala, Sweden.