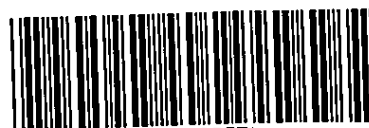


**A V CO 1 LIMITED**

**Report and Financial Statements**

**Period ended 30 November 2008**

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# **A V CO 1 LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

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# **A V CO 1 LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

G G Bowe	(resigned 25 September 2008)
C Cramer	(resigned 25 September 2008)
G A Cheek	(resigned 25 September 2008)
S Henderson	(resigned 25 September 2008)
C Thomas	(resigned 25 September 2008)
Giles Hudson	(appointed 25 September 2008)
Gavin Udall	(appointed 25 September 2008)
Edward Ufland	(appointed 25 September 2008)
Allan Sutherland	(appointed 25 September 2008)

#### **SECRETARY**

R J Fogarty	(resigned 25 September 2008)
S&J Registrars	(appointed 25 September 2008)

#### **REGISTERED OFFICE**

99 Gresham Street  
London  
EC2V 7NG

#### **AUDITORS**

Deloitte LLP  
Reading

# **A V CO 1 LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the eight month period ended 30 November 2008.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company and its subsidiaries (collectively known as the 'Avery Weigh-Tronix Group') principally develops, manufactures, distributes and services weighing equipment and operates directly in the UK, USA, Canada, Ireland, France, Austria, Malaysia and India.

On 25 September 2008, ITW Global Investments Inc, a subsidiary of Illinois Tool Works Inc ("ITW") acquired 100% of the issued share capital of the company and its subsidiaries.

The main competitors of the Avery Weigh-Tronix Group are Mettler Toledo, Bilancia Group, Ricelake Weighing Systems and Fairbanks Scales. Due to the quality of the brands held, the Group is well placed within the market sectors it operates in.

The Avery Weigh-Tronix Group aims to maximise operating profit before amortisation through a combination of sales growth, unit cost reductions and realisation of efficiencies.

At the date of this report, the Directors are not aware of any likely major changes in the Group's activities in the coming year.

### **Trading Results**

The commentary below is by reference to the continuing operations numbers as shown in the Profit and Loss account. Due to the differing lengths of the accounting periods, for comparison purposes results for the 52 weeks ended 29 March 2008 (March 08) have been time apportioned on a pro rata basis.

Turnover of the Group for the 8 months ended 30 November 2008 (November 08) was £81.0 million (March 08: £77.4 million), translated at average exchange rates of £1 = \$1.87 and £1 = €1.26 (March 08: £1=\$2.01 and Euro 1.42). After taking account of translation differences of £3.1 million, the real period on period increase in sales was £0.5m which was due to strong product sales in North America being partially offset by the fact that March 08 included some large one off orders in Asia.

Gross margin (gross profit as % of turnover) showed a decrease from 32.8% in March 08 to 27.3% in November 08. However, adding back one-off project costs of £0.9m in March 08 and £4.2m of adjustments to fall in line with the new owners' accounting policies in November 08, the gross margin showed a much smaller decline from 33.6% in March 08 to 32.3% in November 08. The decline being due to increased raw material costs as well as a less favourable product mix in North America.

After adjusting for foreign exchange gains and losses, restructuring expenses, other one off expenses and the year on year FX translation effect, total distribution costs and administration increased by £0.1m in the period, despite the £1.1m adverse variance due to the annual pay award, reflecting savings achieved as a result of prior year redundancy programs.

After taking account of the aforementioned adjustments and the effect of FX translation, like for like group operating profit decreased by £0.7m from £3.8m in March 08 to £3.1m in November 08.

## **DIRECTORS' REPORT**

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW (CONTINUED)**

#### **Principal Risk and Uncertainties**

The Group's performance is exposed to a number of external factors:

- The general state of the economy, in particular as some of the products sold are capital in nature and so can be deferred if required
- Exchange rate movements, in particular £ sterling, US \$ and Euro
- The cost of raw material, in particular steel
- The timing of larger orders from the Group's major accounts
- Competitive pressure

The only risks that can reasonably be hedged are exchange and interest rates. Foreign currencies in the Group (United States Dollar, Canadian Dollar and Euro) have not been hedged during the period, though due to the denomination of the senior debt there was an element of natural hedging in place. The interest rates on the €13,170,000 Mezzanine facility were hedged prior to repayment. Following the acquisition of the Group by ITW, the Directors are taking steps to minimise the exposure to foreign currency movements. Steel cannot be hedged as it is not a traded commodity and suppliers are unwilling to enter into long term supply contracts. All other risks are outside the control of the Group.

#### **Financing**

Prior to 25 September 2008, the Group and the Company benefitted from a €13,170,000 mezzanine facility agreement and a €76,460,000 senior multicurrency term and revolving facilities agreement, dated 31 July 2006 and amended on 26 October 2006 and again on 8 February 2008, under which financial facilities were made available by Royal Bank of Scotland plc and HSBC Bank plc. On 25 September 2008 all debt with external lenders was repaid and any future financing requirements will be funded from other companies within the ITW Group.

#### **Interest Charge**

The net interest charge in the period of £7,104,000 (March 2008 - £11,421,000) includes £2,122,000 of foreign exchange losses (2008 - £3,833,000) on foreign currency denominated external debt. On 25 September 2008, upon the acquisition by ITW, all of the external debt was repaid and as a result £1,545,272 of capitalised issue costs of debt were written off. As noted below, on 27 October 2008, the outstanding preference shares and convertible loan notes were converted into ordinary shares and as a result £193,106 of capitalised issue costs of debt were written off. In the period to 29 March 2008 capitalised issue costs of £1,026,973 and £353,903 were written off as a result of changes in external debt and preference shares respectively.

#### **Equity**

On 27 October 2008 the following transactions took place:

- (i) £5,000,000 of fixed rate convertible loan notes were converted into 5,000,000 preference shares of £1 each;
- (ii) The existing 6,809,091 preference shares of £1 each were redesignated as 68,090,910 ordinary shares of 10 pence each;
- (iii) The existing 1,581,830 "A" ordinary shares of 10 pence each were redesignated as 1,581,830 ordinary shares of 10 pence each; and
- (iv) The existing 600,000 "B" ordinary shares of 10 pence each were redesignated as 600,000 ordinary shares of 10 pence each.

#### **Environment**

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Group operates in accordance with Group policies. Initiatives designed to minimise the Group's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

# **A V CO 1 LIMITED**

## **DIRECTORS' REPORT**

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW (CONTINUED)**

#### **Employees**

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Group's policies and practices keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

#### **RESULTS AND DIVIDENDS**

The Group's loss before taxation for the 8 month period ended 30 November 2008 was £13,847,000 (52 weeks ended 29 March 2008: profit £3,432,000). The Directors do not recommend the payment of a final dividend (2008: £nil).

#### **GOING CONCERN**

As set out in the balance sheets on pages 10 and 11, the Group and the Company have net current liabilities. However, both the Group and the Company have access to various group banking facilities and consequently have sufficient cash resources to meet any reasonably foreseeable obligation. The main group banking facility is due for renewal for a further 12 months in November 2009 and the Group and the Company have no reason to believe that this will not be forthcoming. After making enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the report and accounts.

#### **RESEARCH AND DEVELOPMENT**

The Group is actively researching and developing new products.

#### **DIRECTORS**

Details of the Directors that served during the period and to the date of signing the financial statements can be found on page 1.

#### **CREDITOR PAYMENT POLICY**

The Company is a holding company and as such does not have any trade creditors of its own.

The policy of the Group is to negotiate with suppliers so as to obtain the best available terms taking account of quality, delivery, price and period of settlement and, having agreed those terms, to abide by them.

Trade creditors falling due within one year at 30 November 2008, excluding amounts owed to companies in the Group, represents 42 days (March 2008: 32) as a proportion of the total amount invoiced by suppliers during the period ended on that date.

#### **POLITICAL AND CHARITABLE DONATIONS**

Neither the Company nor any of its subsidiaries made any political or charitable donations or incurred any political expenditure during the period (March 2008: £nil).

# **A V CO 1 LIMITED**

## **DIRECTORS' REPORT**

### **AUDITORS**

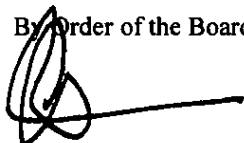
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP were appointed as auditors during the period. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, consisting of a stylized 'G' followed by a horizontal line.

G Hudson

Director

17 July 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 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 AUDITORS' REPORT TO THE MEMBERS OF A V CO 1 LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of A V Co 1 Limited for the period ended 30 November 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, and the related notes 1 to 32. 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 auditors' 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 whether it is consistent with the audited financial statements.. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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.

### **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 group's and the parent company's affairs as at 30 November 2008 and of the group's loss for the period 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.

*Deloitte LLP*

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Reading, United Kingdom

*24 July 2009*

# A V CO 1 LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

8 months ended 30 November 2008

		8 months ended 30 November 2008	52 weeks ended 29 March 2008 <sup>(*)</sup>		
	Note	Continuing operations £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
<b>Turnover</b>	2	80,955	116,036	18,129	134,165
<b>Cost of sales</b>		<u>(58,838)</u>	<u>(77,965)</u>	<u>(12,829)</u>	<u>(90,794)</u>
<b>Gross profit</b>		22,117	38,071	5,300	43,371
<b>Distribution costs</b>		(7,620)	(11,374)	(2,101)	(13,475)
<b>Administrative expenses</b>					
Redundancy Costs		(155)	(920)	-	(920)
Refinancing and corporate restructuring costs		(326)	(908)	-	(908)
Other administrative expenses		(20,562)	(25,191)	(2,008)	(27,199)
		(21,043)	(27,019)	(2,008)	(29,027)
<b>Other operating income</b>		459	538	-	538
<b>Group operating (loss)/profit</b>		<u>(6,087)</u>	<u>216</u>	<u>1,191</u>	<u>1,407</u>
<b>Share of operating (loss)/profit in associates</b>	12	(492)	211	-	211
<b>Total operating (loss)/profit</b>		<u>(6,579)</u>	<u>427</u>	<u>1,191</u>	<u>1,618</u>
<b>Profit on disposal of discontinued operations</b>	5	-			13,141
<b>(Loss)/profit on sale of fixed assets</b>	5	(164)			94
<b>Net interest payable</b>	6	<u>(7,104)</u>			<u>(11,421)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>	7	(13,847)			3,432
<b>Tax credit/(charge) on (loss)/profit on ordinary activities</b>	8	19			<u>(5,183)</u>
<b>Loss on ordinary activities after taxation</b>		<u>(13,828)</u>			<u>(1,751)</u>
<b>Minority interests</b>	27	<u>(222)</u>			<u>(390)</u>
<b>Loss for the financial period</b>	25	<u>(14,050)</u>			<u>(2,141)</u>

(\*) The comparative information for the 52 weeks ended 29 March 2008 has been restated to reflect a more appropriate split of costs between cost of sales, distribution costs and administrative expenses.

A reconciliation of movements in shareholders' funds/(deficit) is given in note 26.

## **A V CO 1 LIMITED**

### **CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES 8 months ended 30 November 2008**

	<b>Notes</b>	<b>8 months ended 30 November 2008 £'000</b>	<b>Year ended 29 March 2008 £'000</b>
Loss for the financial period		(14,050)	(2,141)
Actuarial losses recognised in the pension schemes	22	(275)	(58)
Movement on deferred tax relating to pension liability	22	23	23
Foreign exchange differences	25	<u>8,723</u>	<u>3,888</u>
Total recognised (losses)/gains for the period		<u>(5,579)</u>	<u>1,712</u>

There are no material differences between the loss (52 weeks ended 31 March 2008: profit) on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents.

# A V CO 1 LIMITED

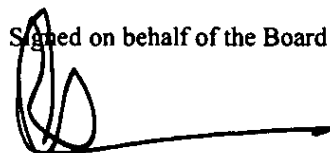
## CONSOLIDATED BALANCE SHEET

30 November 2008

	Notes	30 November 2008 £'000	29 March 2008 £'000
<b>Fixed assets</b>			
Intangible fixed assets	10	33,178	32,737
Tangible fixed assets	11	15,179	10,497
Fixed asset investments	12	<u>410</u>	<u>887</u>
		48,767	44,121
<b>Current assets</b>			
Tangible assets (held as current assets)	14	-	4,044
Stocks	15	14,962	12,624
Debtors	16	25,935	27,607
Investments	17	3,958	3,328
Cash at bank and in hand		<u>2,785</u>	<u>2,016</u>
		47,640	49,619
<b>Creditors (amounts falling due within one year)</b>	18	<u>(92,703)</u>	<u>(35,109)</u>
<b>Net current (liabilities)/assets</b>		(45,063)	14,510
<b>Total assets less current liabilities</b>		3,704	58,631
<b>Creditors (amounts falling due after one year)</b>	19	(502)	(57,173)
<b>Provisions for liabilities and charges</b>	20	<u>(1,130)</u>	<u>(1,327)</u>
<b>Net assets excluding pension liabilities</b>		2,072	131
<b>Pension liabilities</b>	22	<u>(1,191)</u>	<u>(855)</u>
<b>Net assets/(liabilities) including pension liabilities</b>		<u>881</u>	<u>(724)</u>
<b>Capital and reserves</b>			
Called-up share capital	24	7,027	218
Share premium account	25	873	873
Profit and loss account deficit	25	<u>(10,026)</u>	<u>(4,447)</u>
<b>Shareholders' deficit</b>	26	(2,126)	(3,356)
Minority interests	27	<u>3,007</u>	<u>2,632</u>
<b>Capital employed</b>		<u>881</u>	<u>(724)</u>

These financial statements were approved by the Board of Directors on 17 July 2009.

Signed on behalf of the Board of Directors



G Hudson

Director

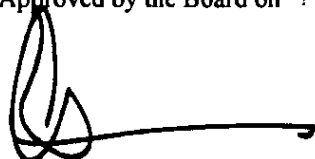
# A V CO 1 LIMITED

## COMPANY BALANCE SHEET

30 November 2008

	Note	30 November 2008 £'000	29 March 2008 £'000
<b>Fixed assets</b>			
Fixed asset investments	12	24,834	24,834
<b>Current assets</b>			
Debtors	16	97	300
Cash at bank and in hand		<u>1</u>	<u>-</u>
		98	300
<b>Creditors (amounts falling due within one year)</b>	18	<u>(25,468)</u>	<u>(19,220)</u>
<b>Net current liabilities</b>		(25,370)	(18,920)
<b>Total assets less current liabilities</b>		(536)	5,914
<b>Creditors (amounts falling due after one year)</b>	19	<u>-</u>	<u>(11,448)</u>
<b>Net liabilities</b>		<u>(536)</u>	<u>(5,534)</u>
<b>Capital and reserves</b>			
Called-up share capital	24	7,027	218
Share premium account	25	873	873
Profit and loss account deficit	25	<u>(8,436)</u>	<u>(6,625)</u>
<b>Shareholders' deficit</b>	26	<u>(536)</u>	<u>(5,534)</u>

Approved by the Board on 17 July 2009 and signed on its behalf by:



G Hudson

Director

The accompanying notes form an integral part of this balance sheet.

**NOTES TO THE ACCOUNTS**

**Period ended 30 November 2008**

**1. ACCOUNTING POLICIES**

The principal policies adopted by the directors are summarised below, all of which, with the exception of the preparation of a consolidated cash flow, have been applied consistently throughout the current and the prior period.

**Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with the applicable United Kingdom accounting standards.

**Going concern**

As set out in the balance sheets on pages 10 and 11, the Group and the Company have net current liabilities. However, both the Group and the Company have access to various group banking facilities and consequently have sufficient cash resources to meet any reasonably foreseeable obligation. The main group banking facility is due for renewal for a further 12 months in November 2009 and the Group and the Company have no reason to believe that this will not be forthcoming. After making enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the report and accounts.

**Consolidated accounts**

The consolidated accounts incorporate the accounts of the Company and all its subsidiaries made up to 30 November 2008.

All business combinations have been accounted for under the acquisition method. Under this method, the results of the subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Consolidated accounts are prepared for those companies and entities where the Avery Weigh-Tronix Group holds a controlling interest.

An associate is an undertaking in which the Company has a long term interest, usually from 20% to 50% of the voting rights, and over which it exercises significant influence. The Company's share of the profit and loss of associates is included in the consolidated profit and loss account and its interest in their net assets, other than goodwill, is included in investments in the consolidated balance sheet.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

**Cash flow statement**

The Company is a wholly owned subsidiary of Illinois Tool Works Inc. and is included in the consolidated financial statements of Illinois Tool Works Inc. which are publicly available. Consequently the Company has taken advantage of the exemption of preparing a cash flow statement under the terms of FRS 1 (revised 1996).

**Turnover**

Turnover represents the invoiced value, excluding value added tax, of sales of goods and services. Product turnover is recognised at the time the product is despatched. Service turnover is recognised as the related services are performed. Contract service revenue invoiced in advance for fixed periods is taken to turnover in equal monthly instalments over the period of the contract.

**Acquisitions and Disposals**

On the acquisition of a business, fair values are attributed to the Company's share of net separable assets. Where the cost of the acquisition exceeds the fair values attributable to such net assets the difference is treated as purchased goodwill and is capitalised in the balance sheet in the year of acquisition.

The results and cash flows relating to a business are included in the profit and loss account from the date of acquisition or up to the date of disposal.

**NOTES TO THE ACCOUNTS**

**Period ended 30 November 2008**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated on the straight line basis to write off initial cost at the following rates per annum.

Freehold properties are amortised over a period of fifty years or over the remaining useful life of the building at the time of acquisition where this is less than fifty years. Freehold land is not depreciated.

Leasehold land and buildings are amortised over a period of fifty years, or where less, the remaining term of the lease at the time of acquisition.

Plant, machinery, equipment and motor vehicles                      10% - 50%

**Goodwill and intangible assets**

For acquisitions of a business, purchased goodwill, trademarks and brands are capitalised in the year in which they arise and amortised over their estimated useful lives up to a maximum of 20 years. The Directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill, brands and trademarks since it is difficult to make projections exceeding this period. Capitalised purchase goodwill, trademarks and brands are included within intangible fixed assets.

A detailed impairment review of goodwill, trademarks and brands will be performed by the directors where the post-acquisition performance has failed to meet pre-acquisition expectations.

**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost comprises materials, direct labour and a share of production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and relevant marketing, selling and distribution costs. Provision is made for obsolete, slow moving or defective items where appropriate.

**Research and Development**

Research and development expenditure is written off in the year in which it is incurred.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is provided on a non-discounted basis.

**Leases**

Rentals payable under operating leases are charged to the profit and loss in the year they arise. Assets acquired under an arrangement whereby substantially all the benefits and risks of ownership remain with the lessee (finance leases) are treated as fixed assets. The asset is capitalised at its fair value, and is depreciated. A corresponding hire purchase or lease creditor is included within liabilities.

**NOTES TO THE ACCOUNTS**

**Period ended 30 November 2008**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments held as fixed assets are stated at cost less provisions for permanent diminution in values.

Current asset investments are stated at the lower of cost and net realisable value.

**Foreign currencies**

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Exchange differences arising are dealt with in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent they hedge the group's investment in such operations, are reported in the statement of recognised gains and losses. All other exchange differences are included in the profit and loss account.

**Related party transactions**

The Group has relied upon the exemption provided within FRS 8 "Related Party Disclosures" and has not disclosed transactions with entities that are under common ownership of A V Co 1 Limited.

**Pensions and post retirement benefits**

The Group operates a number of defined contribution pension schemes, defined benefit pension schemes and post retirement benefit schemes around the world. The assets of the schemes are held separately from the Group.

The Group accounts for pension and post retirement costs in accordance with FRS 17 "Post Retirement Benefits". For the defined benefit schemes and post retirement benefit schemes valuations are performed by qualified actuaries at least every 3 years with update valuations in the intervening periods. The capital cost of benefits earned in the current period, the capital cost of benefit improvements, interest on the accrued pension liabilities (less the expected return on the scheme assets) are charged through the profit and loss account. Movements in the scheme assets and liabilities due to difference between actual and expected returns, experience changes or changes in actuarial assumptions are charged through the statement of recognised gains and losses.

The pension costs relating to defined contribution schemes and Group personal pension schemes represents the contributions payable by the Company and are expensed as incurred.

**Finance Costs**

Finance costs are recognised in the profit and loss account over the term of the debt at a constant rate on the carrying amount.

**Cash and liquid resources**

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.



# A V CO 1 LIMITED

## NOTES TO THE ACCOUNTS Period ended 30 November 2008

### 2. SEGMENTAL INFORMATION

8 month period ended 30 November 2008	Turnover			(Loss)/profit on ordinary activities before taxation £'000	Net (liabilities) /assets including pension liabilities £'000
	Continuing operations £'000	Discontinued operations £'000	Total £'000		
By location:					
Europe	35,806	-	35,806	(14,835)	(42,242)
The Americas	36,730	-	36,730	173	33,848
Asia	8,419	-	8,419	815	9,275
Total Group	80,955	-	80,955	(13,847)	881
By destination:					
Europe	33,236	-	33,236		
The Americas	36,745	-	36,745		
Australasia	300	-	300		
Asia	9,640	-	9,640		
Africa	1,034	-	1,034		
Total Group	80,955	-	80,955		
52 weeks ended 29 March 2008	Turnover			(Loss)/profit on ordinary activities before taxation £'000	Net (liabilities) /assets including pension liabilities £'000
	Continuing operations £'000	Discontinued operations £'000	Total £'000		
By location:					
Europe	54,873	17,283	72,156	(5,198)	(36,328)
The Americas	47,860	846	48,706	6,809	27,516
Asia	13,303	-	13,303	1,821	8,088
Total Group	116,036	18,129	134,165	3,432	(724)
By destination:					
Europe	51,506	16,368	67,874		
The Americas	47,904	1,189	49,093		
Australasia	307	138	445		
Asia	14,867	237	15,104		
Africa	1,452	197	1,649		
Total Group	116,036	18,129	134,165		

The Group's turnover, result and net assets derive solely from one class of business.

# **AV CO 1 LIMITED**

## **NOTES TO THE ACCOUNTS** **Period ended 30 November 2008**

### **3. DIRECTORS' EMOLUMENTS**

	8 months ended 30 November 2008 £'000	52 weeks ended 29 March 2008 £'000
Aggregate emoluments and benefits	79	700
Company contribution to Group Personal Pension Plan	58	452
	<u>137</u>	<u>1,152</u>

There are 2 directors (2007: 2) accruing benefits under the Group Personal Pension Plan.

Emoluments disclosed above include the following amounts paid to the highest paid director:

	8 months ended 30 November 2008 £'000	52 weeks ended 29 March 2008 £'000
Aggregate emoluments and benefits	38	402
Company contribution to Group Personal Pension Plan	32	259
	<u>70</u>	<u>661</u>

A further three directors (March 2008: none) are also directors of ITW Limited, a fellow group company. ITW Limited paid these directors £60,000 (March 2008: £nil) in the period in which they were also directors of AV Co 1 Limited. The directors' emoluments incurred in ITW Limited have not been apportioned between each fellow group company for which the directors acted and the directors do not feel that any amount should be allocated as group recharges.

### **4. EMPLOYEE INFORMATION**

	8 months ended 30 November 2008	52 weeks ended 29 March 2008		
	Total	Continuing operations	Discontinued operations	Total
Average number of employees during the period (including directors employed within the AV CO 1 Limited Group)	2,039	2,105	185	2,290
	£'000	£'000	£'000	£'000
Aggregate gross remuneration	25,735	37,260	5,420	42,680
Social security costs	4,034	5,868	1,060	6,928
Other pension costs	1,612	2,323	234	2,557
Total staff costs	<u>31,381</u>	<u>45,451</u>	<u>6,714</u>	<u>52,165</u>

The Company had no employees during either the current or prior period other than the directors, whose emoluments were borne by another group company as detailed in note 3.

**NOTES TO THE ACCOUNTS**

**Period ended 30 November 2008**

**5. PROFIT ON DISPOSAL OF DISCONTINUED OPERATIONS AND PROFIT ON SALE OF FIXED ASSETS**

On 17 September 2007, the Group sold the trade and assets of its retail business, being the manufacture, sale and service of weighing and food processing equipment to the retail sector, for a consideration of £38,583,000. Assets disposed of totalled £14,235,000. In addition £7,156,000 of goodwill was written off (see note 10) and £4,051,000 of costs were incurred resulting in a profit on sale of discontinued operations of £13,141,000. The sale of business resulted in a tax liability of £1,612,000.

During the period the Group made a loss on disposal of fixed assets of £164,000 (March 2008: £94,000 profit) which mainly related to the sale of a property and for which there was no tax impact.

**6. NET INTEREST PAYABLE**

	<b>8 months ended 30 November 2008 £'000</b>	<b>52 weeks ended 29 March 2008 £'000</b>
Interest payable on bank loans and overdraft	(1,371)	(2,179)
Finance costs on shares classed as liabilities	(276)	(2,359)
Interest payable on convertible loan notes	(331)	(534)
Interest payable on mezzanine loan facility	(758)	(1,378)
Amortisation of issue costs of debt	(162)	(329)
Write off remaining issue costs on debt repaid in period	(1,738)	(1,381)
Interest payable on finance leases	(80)	(135)
Share of associate interest payable	(25)	(26)
Interest payable on loans from fellow subsidiaries	(515)	-
Other interest payable	(25)	(29)
Foreign exchange loss on bank loans	(2,122)	(3,833)
<b>Total interest payable</b>	<b>(7,403)</b>	<b>(12,183)</b>
Bank interest receivable	222	801
Other interest receivable	115	5
<b>Total interest receivable</b>	<b>337</b>	<b>806</b>
Other finance costs (see note 22)	(38)	(44)
<b>Net interest payable</b>	<b>(7,104)</b>	<b>(11,421)</b>

**NOTES TO THE ACCOUNTS**  
**Period ended 30 November 2008**

**7. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The (loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	8 months ended 30 November 2008	52 weeks ended 29 March 2008		
	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Depreciation - owned assets	1,840	2,535	47	2,582
Depreciation - leased assets	155	234	-	234
Goodwill amortisation	479	671	209	880
Intellectual property amortisation	1,032	1,338	119	1,457
Rental under operating leases				
- plant and machinery	335	426	-	426
- other	1,060	1,593	153	1,746
Research and development expenditure	1,815	2,500	677	3,177
Redundancy costs	155	920	-	920
Auditors' remuneration				
- audit of these financial statements	137	46	-	46
- audit of financial statements of subsidiaries pursuant to legislation	62	160	-	160
- other services relating to taxation	-	804	-	804
- all other services	-	274	-	274
Foreign exchange losses/(gains)	5,394	2,456	(10)	2,446

Other operating income largely relates to third party rental income.

# A V CO 1 LIMITED

## NOTES TO THE ACCOUNTS Period ended 30 November 2008

### 8. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

#### a) Analysis of (credit)/charge in the period

	8 months ended 30 November 2008 £'000	52 weeks ended 29 March 2008 £'000
<b>Current tax</b>		
Adjustments in respect of previous periods	(758)	441
Foreign tax	682	4,854
Share of associates tax	-	-
Total current tax	(76)	5,295
<b>Deferred tax</b>		
Origination and reversal of timing differences	11	434
Change in future tax rates	32	-
Adjustments in respect of previous periods	14	(546)
Total deferred tax	57	(112)
Tax (credit)/charge on (loss)/profit on ordinary activities	(19)	5,183

#### b) Factors affecting tax (credit)/charge for the period

	8 months ended 30 November 2008 £'000	52 weeks ended 29 March 2008 £'000
(Loss)/profit on ordinary activities before taxation	(13,847)	3,432
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (March 2008: 30%)	(3,877)	1,030
Effects of:		
Expenses not deductible for tax purposes	838	1,782
Differences between depreciation and capital allowances	382	395
Other timing differences	31	(101)
State minimum taxes	124	181
Utilisation of tax losses	(384)	(251)
Accrued interest paid in the current or subsequent period	-	(332)
Losses carried forward	3,628	3,320
Imputed goodwill and interest deduction	(279)	(461)
Adjustments to tax charge in respect of previous periods	(758)	441
Adjustments in respect of foreign tax rates	74	270
Book value of assets disposed of in excess of indexed cost	-	(923)
Share of associates tax	145	(56)
Current tax (credit)/charge for period	(76)	5,295

## A V CO 1 LIMITED

### NOTES TO THE ACCOUNTS

Period ended 30 November 2008

#### 8. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

##### c) Factors that may affect future, current and total tax charges

The corporation tax rate applicable to the Company has changed from 30% to 28% from 1 April 2008.

#### 9. PROFITS OF HOLDING COMPANY

Of the loss for the 52 week period ended 30 November 2008, a loss of £1,811,000 (March 2008: £4,516,000) is dealt with in the accounts of A V Co 1 Limited. As permitted by section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the Company.

#### 10. INTANGIBLE FIXED ASSETS

Intangible fixed assets comprise of the following:

Group	Goodwill £'000	Intellectual property £'000	Total £'000
<b>Cost</b>			
At 29 March 2008	13,573	22,400	35,973
Foreign exchange differences	109	2,232	2,341
At 30 November 2008	13,682	24,632	38,314
<b>Accumulated amortisation</b>			
At 29 March 2008	1,107	2,129	3,236
Charge for the period	479	1,032	1,511
Foreign exchange differences	37	352	389
At 30 November 2008	1,623	3,513	5,136
<b>Net Book Value</b>			
At 30 November 2008	12,059	21,119	33,178
At 29 March 2008	12,466	20,271	32,737

The majority of the goodwill is being amortised over a period of 20 years which represents the period over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets.

Intellectual property consists mainly of trademarks and trading names relating to the 'Avery' and 'Weigh-Tronix' brands and are amortised on a straight line basis over 20 and 15 years respectively.

There are no intangible fixed assets held by the Company.

# A V CO 1 LIMITED

## NOTES TO THE ACCOUNTS Period ended 30 November 2008

### 11. TANGIBLE FIXED ASSETS

	Freehold properties £'000	Long leasehold properties £'000	Short leasehold properties £'000	Plant, machinery, equipment and motor vehicles £'000	Total £'000
<b>Cost</b>					
At 29 March 2008	2,857	184	7	11,761	14,809
Additions	-	-	-	1,429	1,429
Disposals	(108)	-	-	(552)	(660)
Transferred from current assets for resale	2,735	-	-	1,792	4,527
Foreign exchange differences	654	1	(1)	943	1,597
At 30 November 2008	<u>6,138</u>	<u>185</u>	<u>6</u>	<u>15,373</u>	<u>21,702</u>
<b>Depreciation</b>					
At 29 March 2008	311	9	3	3,989	4,312
Charge for the period	53	3	-	1,939	1,995
Disposals	(37)	-	-	(294)	(331)
Transferred from current assets for resale	-	-	-	483	483
Foreign exchange differences	(5)	(1)	(1)	71	64
At 30 November 2008	<u>322</u>	<u>11</u>	<u>2</u>	<u>6,188</u>	<u>6,523</u>
<b>Net book amounts</b>					
At 30 November 2008	<u>5,816</u>	<u>174</u>	<u>4</u>	<u>9,185</u>	<u>15,179</u>
At 29 March 2008	<u>2,546</u>	<u>175</u>	<u>4</u>	<u>7,772</u>	<u>10,497</u>

Included in Freehold properties above is land at a cost of £2,502,000 (March 2008: £2,460,000), which is not subject to depreciation.

Plant, machinery, equipment and motor vehicles include assets held under finance leases as follows:

	30 November 2008 £'000	29 March 2008 £'000
Cost	1,985	1,990
Accumulated depreciation	<u>(1,485)</u>	<u>(1,330)</u>
Net book value	<u>500</u>	<u>660</u>

There are no tangible fixed assets held by the Company.

# A V CO 1 LIMITED

## NOTES TO THE ACCOUNTS

Period ended 30 November 2008

### 12. FIXED ASSET INVESTMENTS

	Associate undertakings £'000
<b>Group</b>	
<b>Cost</b>	
At 29 March 2008	887
Share of retained loss for the year	(517)
Foreign exchange differences	40
At 30 November 2008	<u>410</u>
	Shares in Subsidiary Undertakings £'000
<b>Company</b>	
<b>Cost</b>	
At 30 November 2008 and 29 March 2008	<u>24,834</u>

### 13. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group had derivative financial instruments that it has not recognised at fair value as follows:

Interest rate swaps:

Issuer	Effective Date of Agreement	Fixed Rate	30 November 2008		31 March 2008	
			Notional Amount £'000	Fair Value £'000	Notional Amount £'000	Fair Value £'000
HSBC Bank plc	31 October 2006	3.85%	-	-	4,028	19
National Westminster Bank plc	31 October 2006	3.84%	-	-	4,028	19
			<u>-</u>	<u>-</u>	<u>8,056</u>	<u>38</u>

The above swaps were terminated on 25 September 2008.

### 14. TANGIBLE ASSETS (HELD AS CURRENT ASSETS)

The tangible assets (held as current assets) related solely to the property at Smethwick, United Kingdom, which was being marketed with a view to sale. During the period the property was taken off the market and it is now the company's intention to retain the property for the foreseeable future.



**NOTES TO THE ACCOUNTS**  
**Period ended 30 November 2008**

**15. STOCKS**

	<b>Group</b> <b>30 November</b> <b>2008</b> <b>£'000</b>	<b>Group</b> <b>29 March</b> <b>2008</b> <b>£'000</b>
Raw materials	5,195	3,189
Work in progress	4,931	3,328
Finished goods and service parts	4,836	6,107
	<u>14,962</u>	<u>12,624</u>

There is no material difference between the carrying value of stocks and their replacement costs.

At the balance sheet there were no stocks held by the Company.

**16. DEBTORS**

	<b>Group</b> <b>30 November</b> <b>2008</b> <b>£'000</b>	<b>Company</b> <b>30 November</b> <b>2008</b> <b>£'000</b>	<b>Group</b> <b>29 March</b> <b>2008</b> <b>£'000</b>	<b>Company</b> <b>29 March</b> <b>2008</b> <b>£'000</b>
Trade Debtors	17,513	-	20,677	-
Amounts owed by group undertakings	-	57	-	54
Other debtors	5,634	40	5,224	96
Prepayments and accrued income	1,439	-	1,162	150
Corporation tax recoverable	832	-	-	-
Deferred tax assets (note 21)	517	-	544	-
	<u>25,935</u>	<u>97</u>	<u>27,607</u>	<u>300</u>

All the above amounts are due within one year.

**17. CURRENT ASSET INVESTMENTS**

Current asset investments comprise short-term deposits with banks, which mature within 12 months of the date of inception, as well as government and low risk listed company securities.

# A V CO 1 LIMITED

## NOTES TO THE ACCOUNTS Period ended 30 November 2008

### 18. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	Group 30 November 2008 £'000	Company 30 November 2008 £'000	Group 29 March 2008 £'000	Company 29 March 2008 £'000
Bank overdrafts	-	-	5,324	213
Bank loans	-	-	417	-
Obligations under finance leases (secured, see note 19)	282	-	268	-
Trade creditors	8,275	-	6,338	200
Amounts owed to group undertakings	64,574	24,214	-	18,543
Corporation tax	-	-	1,971	-
Other taxation and social security	1,537	-	1,542	-
Other creditors	2,333	-	2,469	-
Accruals and deferred income	15,702	1,254	16,780	264
	<u>92,703</u>	<u>25,468</u>	<u>35,109</u>	<u>19,220</u>

### 19. CREDITORS (AMOUNTS FALLING DUE AFTER ONE YEAR)

	Group 30 November 2008 £'000	Company 30 November 2008 £'000	Group 29 March 2008 £'000	Company 29 March 2008 £'000
Shares classified as liabilities	-	-	5,751	5,751
Convertible loan notes	-	-	5,697	5,697
Bank loans	-	-	45,018	-
Obligations under finance leases (falling due in less than five years)	502	-	707	-
	<u>502</u>	<u>-</u>	<u>57,173</u>	<u>11,448</u>

Finance leases are secured on the assets to which they relate.

The shares classified as liabilities related to 1,809,091 10% cumulative redeemable preference shares of £1 each at par value together with accumulated interest and net of capitalised finance costs. The loan notes related to £5,000,000 of 10% fixed rate unsecured convertible loan notes together with accumulated interest and net of capitalised finance costs. On 27 October 2008 the £5,000,000 of loan notes were converted to 5,000,000 10% cumulative redeemable preference shares of £1 each. Subsequently on the same day 6,809,091 10% cumulative redeemable preference shares were converted to 68,090,910 ordinary shares of £0.10 each.

The accumulated interest was repaid during the period and any capitalised financing costs written off.

The secured bank loans and overdrafts were all repaid on 25 September 2008.

# A V CO 1 LIMITED

## NOTES TO THE ACCOUNTS Period ended 30 November 2008

### 20. PROVISIONS FOR LIABILITIES AND CHARGES

	Redundancy £'000	Warranty £'000	Other £'000	Total £'000
At 29 March 2008	67	314	946	1,327
Charge to the profit and loss account for the period	155	496	54	705
Credit to the profit and loss account during the period	-	(2)	(77)	(79)
Utilised during the period	(213)	(492)	(266)	(971)
Exchange differences	8	58	82	148
At 30 November 2008	<u>17</u>	<u>374</u>	<u>739</u>	<u>1,130</u>

The provision for product warranties recognises expected claims against product guarantees. In the current and prior periods there have been no material claims. It is expected that all of the expenditure relating to the warranty provisions will be incurred in the next financial year

Other provisions pertain to dilapidations and other property related provisions, the majority of which are expected to be utilised within the next 12 months.

At the balance sheet date the Company had no provisions for liabilities and charges.

### 21. DEFERRED TAX

	Group 30 November 2008 £'000	Group 29 March 2008 £'000
<b>The deferred tax asset is broken down as follows:</b>		
Accelerated capital allowances	(89)	37
Short term timing difference	<u>606</u>	<u>507</u>
	517	544
Pension scheme timing differences (see note 22)	<u>199</u>	<u>176</u>
Total deferred tax asset	<u>716</u>	<u>720</u>
<b>The movement on deferred tax comprises:</b>		
Deferred Tax Asset at 29 March 2008	720	551
Deferred tax credit in profit and loss account for period (note 8)	(57)	112
Amount credited to statement of total recognised gains and losses	23	23
Foreign exchange differences	<u>30</u>	<u>34</u>
Deferred tax asset at 30 November 2008	<u>716</u>	<u>720</u>

Deferred tax assets have been recognised where it is believed with reasonable certainty that the amount will be recoverable.

The Company has no deferred tax balance at either 30 November 2008 or 29 March 2008.

**NOTES TO THE ACCOUNTS**  
**Period ended 30 November 2008**

**22. PENSION COMMITMENTS**

**Defined contribution schemes**

The Group operates a defined contribution scheme in the UK for which the pension cost charge for the 8 months ended 30 November 2008 amounted to £1,039,000 (52 weeks ended 29 March 2008: £1,837,000).

The Group operates a number of other defined contribution schemes in various jurisdictions for which the pension cost charge for the 8 months ended 30 November 2008 amounted to £453,000 (52 weeks ended 29 March 2008: £644,000).

Outstanding contributions on these schemes at 30 November 2008 were £117,000 and £23,000 for the UK and other jurisdictions respectively (29 March 2008: £128,000 and £251,000 respectively).

**Other Pension Schemes**

The Group has a number of other funded and unfunded, defined benefit pension schemes and post retirement benefit schemes around the world. The weighted average assumptions used by the actuaries to calculate the net pension liabilities for these schemes are shown in the table below:

	<b>30 November 2008</b>	<b>29 March 2008</b>	<b>31 March 2007</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Rate of increase in pensionable salaries	3.6	3.6	3.2
Discount rate	7.1	6.8	5.9
Price inflation	2.4	2.4	2.3

For the two largest schemes, i.e., in Ireland and India, the most recent actuarial valuations are 1 October 2005 and 31 March 2008 respectively. For Ireland, the valuation is updated every year by professional actuaries.

**NOTES TO THE ACCOUNTS**  
**Period ended 30 November 2008**

**22. PENSION COMMITMENTS (CONTINUED)**

**Summary of all overseas defined benefit schemes**

The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from the cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return expected 30 November 2008 %	Value at 30 November 2008 £'000	Long term rate of return expected 29 March 2008 %	Value at 29 March 2008 £'000	Long term rate of return expected 31 March 2007 %	Value at 31 March 2007 £'000
<b>Investments held by:</b>						
Ireland Pension Scheme	6.3	753	6.5	1,108	6.4	1,125
India Pension Scheme	8.3	624	8.4	581	7.0	596
Total market value of assets		1,377		1,689		1,721
<b>Present value of scheme liabilities</b>						
Ireland Pension Scheme (funded)		(1,062)		(1,203)		(1,071)
India Pension Scheme (funded)		(720)		(660)		(684)
Other schemes and retirement benefits (unfunded)		(985)		(857)		(958)
Total scheme liabilities		(2,767)		(2,720)		(2,713)
Non-recoverable surplus		-		-		(53)
Pension liability before deferred tax		(1,390)		(1,031)		(992)
Related deferred tax asset		199		176		153
Net pension liability		(1,191)		(855)		(839)

Deferred tax assets of approximately £129,000 (March 2008: £99,000) have not been recognised in view of the uncertainty over the recovery of such assets.

**Changes in the present value of the scheme liabilities**

	8 months ended 30 November 2008 £'000	52 weeks ended 29 March 2008 £'000
Opening defined benefit obligation	2,720	2,713
Service cost	54	126
Interest cost	116	160
Actuarial losses	(84)	(109)
Disposals	-	(211)
Exchange differences	191	274
Benefits paid	(230)	(233)
Closing defined benefit obligation	2,767	2,720

# A V CO 1 LIMITED

## NOTES TO THE ACCOUNTS Period ended 30 November 2008

### 22. PENSION COMMITMENTS (CONTINUED)

#### Changes in the fair value of plan assets

	8 months ended 30 November 2008 £'000	52 weeks ended 29 March 2008 £'000
Opening fair value of plan assets	1,689	1,721
Expected return	78	116
Actuarial losses	(359)	(220)
Contributions	127	109
Exchange differences	71	196
Benefits paid	(229)	(233)
Closing defined benefit obligation	<u>1,377</u>	<u>1,689</u>

#### Analysis of total amount charged to operating (loss)/profit in respect of defined benefit schemes.

	8 months ended 30 November 2008 £'000	52 weeks ended 29 March 2008 £'000
Current service cost	<u>(54)</u>	<u>(76)</u>

#### Analysis of the amount credited/(charged) to other finance costs.

	8 months ended 30 November 2008 £'000	52 weeks ended 29 March 2008 £'000
Expected return on pension scheme assets	78	116
Interest on pension scheme liabilities	<u>(116)</u>	<u>(160)</u>
	<u>(38)</u>	<u>(44)</u>

**NOTES TO THE ACCOUNTS**  
**Period ended 30 November 2008**

**22. PENSION COMMITMENTS (CONTINUED)**

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

	8 months ended 30 November 2008 £'000	52 weeks ended 29 March 2008 £'000
Actual return less expected return on pension scheme assets	(359)	(222)
Experience losses arising on the schemes' liabilities	(48)	(71)
Changes in assumptions underlying the present value of the scheme liabilities	132	180
Unrecognised surplus loss	-	55
Actuarial losses recognised in statement of total recognised gains and losses	(275)	(58)

**History of experience gains and losses**

	8 months ended 30 November 2008 £'000	52 weeks ended 29 March 2008 £'000	Period ended 31 March 2007 £'000
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	(359)	(222)	134
Percentage of scheme assets	(21.5%)	(13.3%)	7.8%
Experience gains and losses on scheme liabilities:			
Amount (£'000)	(48)	(71)	(288)
Percentage of the present value of scheme liabilities	1.8%	2.6%	10.6%

**Future contributions**

It is estimated that the total contributions to be paid within the next 12 months in respect of the defined benefit schemes and other post retirement schemes will amount to £212,000 (March 2008: £382,000).

**23. CONTINGENT LIABILITIES**

As at 30 November 2008 the Company had no contingent liabilities.

# A V CO 1 LIMITED

## NOTES TO THE ACCOUNTS Period ended 30 November 2008

### 24. CALLED-UP SHARE CAPITAL

The authorised and allocated share capital of the Company is as follows:

	8 months ended 30 November 2008 £'000	52 weeks ended 29 March 2008 £'000
<b>Authorised</b>		
A ordinary shares of 10 pence each	-	158
B ordinary shares of 10 pence each	-	60
10% cumulative redeemable preference shares of £1 each	-	6,809
Ordinary shares of 10p each	7,027	-
	<u>7,027</u>	<u>7,027</u>
<b>Allotted, called up and fully paid</b>		
A ordinary shares of 10 pence each	-	158
B ordinary shares of 10 pence each	-	60
10% cumulative redeemable preference shares of £1 each	-	1,809
Ordinary shares of 10p each	7,027	-
	<u>7,027</u>	<u>2,027</u>
Shares classified as liabilities	-	1,809
Shares classified in shareholders' funds	7,027	218
	<u>7,027</u>	<u>2,027</u>

On 27 October 2008 the following transactions took place:

- (i) £5,000,000 of fixed rate convertible loan notes were converted into 5,000,000 preference shares of £1 each;
- (ii) The existing 6,809,091 preference shares of £1 each were redesignated as 68,090,910 ordinary shares of 10 pence each;
- (iii) The existing 1,581,830 "A" ordinary shares of 10 pence each were redesignated as 1,581,830 ordinary shares of 10 pence each; and
- (iv) The existing 600,000 "B" ordinary shares of 10 pence each were redesignated as 600,000 ordinary shares of 10 pence each.



# A V CO 1 LIMITED

## NOTES TO THE ACCOUNTS Period ended 30 November 2008

### 25. RESERVES

	Profit and loss account (deficit) £'000	Share premium £'000	Total £'000
<b>Group</b>			
At 29 March 2008	(4,447)	873	(3,574)
Loss for the period	(14,050)	-	(14,050)
Actuarial losses recognised in the pension scheme	(275)	-	(275)
Movement on deferred tax relating to pension liability	23	-	23
Net exchange adjustments	8,723	-	8,723
At 30 November 2008	<u>(10,026)</u>	<u>873</u>	<u>(9,153)</u>
<b>Company</b>			
At 29 March 2008	(6,625)	873	(5,752)
Retained loss for the period	<u>(1,811)</u>	<u>-</u>	<u>(1,811)</u>
At 30 November 2008	<u>(8,436)</u>	<u>873</u>	<u>(7,563)</u>
			<b>Group November 2008 £'000</b>
Profit and loss reserve excluding pension liabilities			(8,835)
Pension liabilities (net of deferred tax)			<u>(1,191)</u>
Profit and loss reserve including pension liabilities			<u>(10,026)</u>

The company has no pension asset/(liability).

### 26. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' DEFICIT

	30 November 2008 £'000	29 March 2008 £'000
<b>Group</b>		
Loss for the financial period	(14,050)	(2,141)
Opening shareholders' deficit	(3,356)	(5,068)
Conversion of 10% Preference Shares to ordinary shares	6,809	-
Other recognised gains and losses for the financial period	8,471	3,853
Closing shareholders' deficit	<u>(2,126)</u>	<u>(3,356)</u>
<b>Company</b>		
Loss for the financial period	(1,811)	(4,516)
Opening shareholders' deficit	(5,534)	(1,018)
Conversion of 10% Preference Shares to ordinary shares	6,809	-
Closing shareholders' deficit	<u>(536)</u>	<u>(5,534)</u>

# **A V CO 1 LIMITED**

## **NOTES TO THE ACCOUNTS**

**Period ended 30 November 2008**

### **27. RECONCILIATION OF MOVEMENTS IN MINORITY INTERESTS**

	<b>30 November 2008 £'000</b>	<b>29 March 2008 £'000</b>
Opening minority interest	2,632	2,529
Acquisition of minority shareholding	-	(295)
Profit for the financial period	222	390
Currency translation adjustment	153	8
Closing minority interest	<u>3,007</u>	<u>2,632</u>

### **28. CAPITAL COMMITMENTS**

Group capital commitments at 30 November 2008 were £421,000 (March 2008: £129,000). The Company had no capital commitments at 30 November 2008 (March 2008: £nil).

### **29. OPERATING LEASE COMMITMENTS**

At 30 November 2008 the Group had annual commitments under operating leases which expire as follows:

	<b>30 November 2008</b>		<b>29 March 2008</b>	
	<b>Land and buildings £'000</b>	<b>Other £'000</b>	<b>Land and buildings £'000</b>	<b>Other £'000</b>
<b>Group</b>				
Within one year	635	200	220	114
Within 2 to 5 years	427	620	1,020	839
After 5 years	190	-	91	103
	<u>1,252</u>	<u>820</u>	<u>1,331</u>	<u>1,056</u>

Several of the leases for land and buildings are subject to rent review over various periods of time. At 30 November 2008 the Company had no annual commitments under operating leases (March 2008: £nil).

### **30. ULTIMATE PARENT UNDERTAKING**

Prior to 25 September 2008 the ultimate parent undertaking was American Capital Strategies Limited, a company registered in the state of Delaware, USA.

On 25 September 2008, ITW Global Investments Inc acquired 100% of the issued share capital of AV CO 1 Limited, at which point the ultimate parent undertaking became Illinois Tool Works Inc, a company registered in the State of Delaware, USA

The group headed by the ultimate parent undertaking is the only other group to consolidate the results of the Company. Copies of the group financial statements are available from Illinois Tool Works Inc., 3600 West Lake Avenue, Glenview, Illinois, 60025, United States of America.

## **A V CO 1 LIMITED**

### **NOTES TO THE ACCOUNTS**

**Period ended 30 November 2008**

#### **31. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS**

##### **a) Subsidiary Undertakings**

The principal operating subsidiaries within the A V Co 1 Limited Group are shown below. The Company owns 100% of the ordinary share capital of all the companies, with the exception of Avery India Limited, of which the Company owns 58.27% (2008: 58.27%) of the ordinary share capital. Avery India Limited owns 100% of the ordinary share capital of Salter India Private Limited.

All subsidiaries are included in the consolidated accounts.

<b>Company Name</b>	<b>Country of Incorporation and operation</b>
Avery Weigh-Tronix Limited	United Kingdom
Avery Malaysia Sdn Bhd	Malaysia
Berkel (Ireland) Limited	Ireland
Avery India Limited	India
Avery Weigh-Tronix France S.A.S	France
Avery Weigh-Tronix B.V.	Netherlands
Schember Ges.m.b.H	Austria
Weigh-Tronix Canada, ULC	Canada
Avery Weigh-Tronix, LLC	USA
Salter India Private Limited	India
Avery Weigh-Tronix Private Limited	India
Avery Weigh-Tronix (Suzhou) Co Limited	China

##### **b) Associated Undertaking**

<b>Company Name</b>	<b>Country of Incorporation and operation</b>	<b>Proportion of share capital held</b>
Constructora de Basculas S.A. de C.V.	Mexico	49%

In the opinion of the Directors the aggregate value of the Company's investment consisting of shares in, or amounts owing from its subsidiaries and associates is not less than the aggregate amounts at which they are stated in the Balance Sheet.

All operating subsidiaries and associates are engaged in the manufacture, sale and service of weighing machines, slicers and other food processing equipment and systems.

## **A V CO 1 LIMITED**

### **NOTES TO THE ACCOUNTS**

**Period ended 30 November 2008**

#### **32. RELATED PARTY TRANSACTIONS**

The Group has transactions and balances with its associated company as follows:

	<b>8 months ended 30 November 2008 £'000</b>	<b>52 weeks ended 29 March 2008 £'000</b>
Sales to associated company:		
Constructora De Basculas SA de CV	-	324
Amounts due from associated company:		
Constructora De Basculas SA de CV	-	-

The Company had no sales or purchases to or from fellow subsidiary companies in the period ended 30 November 2008 (March 2008: £nil). The company did, however, accrue interest income of £852,000 (March 2008: £84,000) and interest expense of £2,000 (March 2008: £168,000) on loans due from and to fellow subsidiary undertakings respectively.

Prior to 25 September 2008 American Capital Strategies Limited was the ultimate parent undertaking of the Group. During the period the Group incurred costs with the following companies which were subsidiaries of American Capital Strategies Limited:

##### **European Capital SARL**

Interest of £525,000 (2008: £956,000) was charged to the Group in respect of the €13,170,000 mezzanine facility agreement with a further £222,000 (2008: £393,000) of interest being accrued on the principal balance of the mezzanine facility. The mezzanine facility was repaid in full on 25 September 2008.

##### **European Capital SICAR**

A management fee of £50,000 (March 2008: £200,000) has been included in the Group profit and loss account for the period.

Interest charges of £235,000 and £280,000 (2008: £2,359,000 and £534,000) were accrued by the Group onto the 10% cumulative redeemable preference shares (see note 19) and the 10% fixed rate unsecured loan notes (see note 18) respectively. On 25 September 2008, ITW Global Investments Inc, a subsidiary of Illinois Tool Works Inc, acquired the accumulated accrued interest on both the preference shares and convertible loan notes.

##### **European Capital Financial Services Limited**

Agency fees totalling £15,000 (March 2008: £90,000) have been charged to the Group during the period.

On 25 September 2008 the ultimate parent undertaking became Illinois Tool Works Inc. During the period the Group incurred costs with the following companies which are subsidiaries of Illinois Tool Works Inc:

##### **ITW Limited**

The Group accrued interest expense of £515,000 on loans from ITW Limited.

##### **ITW Global Investments Inc**

Interest charges of £41,000 and £50,000 were accrued by the Group onto the 10% cumulative redeemable preference shares (see note 19) and the 10% fixed rate unsecured loan notes (see note 19), respectively. On 27 October 2008 the preference shares principal of £1,809,000 and the loan notes principal of £5,000,000 were redesignated as ordinary shares. The accumulated interest was fully repaid by 30 November 2008.