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# Lakeside Finance

Directors' report and  
financial statements

Year ended 30 September 2005

Registered number 281572 FC025009

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# Lakeside Finance

## Directors' report and financial statements

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# Lakeside Finance

## Directors and other information

### Directors

Gregory Croydon (U.K.)  
Nigel Gilpin (U.K.)  
Trevor Slack (U.K.)  
Joanne Bower (U.K.)

### Registered office

1 Stokes Place  
St. Stephen's Green  
Dublin 2

### Secretary

Helen Afford

### Principal Banker

Lloyds TSB Bank plc  
Colmore Row  
Birmingham  
B3 2DS

### Auditors

KPMG  
Chartered Accountants  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1

# Lakeside Finance

## Directors' report

The directors submit their annual report together with the audited financial statements of the company for the year ended 30 September 2005.

## Principal activities, business review and future developments

The company is engaged principally in the provision of intra-group financial services.

## Results and dividends

The results for the year are set out on page 9. The directors have not declared a dividend (2004: US\$384,000) for the year.

## Directors and secretary and directors' interests

On 3 November 2004, Joanne Bower resigned as secretary to the company. On the same date Helen Brown was appointed as secretary to the company. During the year she was married, changing her name to Helen Afford.

The directors and secretary who held office at 30 September 2005 had no interests, other than those shown below, in the share capital, debentures or loan stock of the company or any group company.

| Director     | Number of options over ordinary shares of 25p each in IMI plc. |         |           |          | 30/09/2005 | Exercise Price Stg | Expiry Date       |
|--------------|--|---------|-----------|----------|------------|--------------------|-------------------|
|              | 30/09//04  | Granted | Exercised | Lapsed   |            |                    |                   |
| Greg Croydon | 126,176  | -       | (71,176)  | (13,000) | 42,000     | 2.569-3.580        | 02.04.06-24.03.14 |
| Nigel Gilpin | 103,000  | -       | (53,000)  | (10,000) | 40,000     | 2.569-3.580        | 02.04.06-24.03.14 |
| Trevor Slack | 738,000  | -       | (320,000) | (35,000) | 383,000    | 2.569-3.580        | 02.04.06-24.03.14 |
| Joanne Bower | 15,000   | 5,000   | (5,000)   | -        | 15,000     | 2.569-4.205        | 02.04.06-23.03.15 |

## Number of ordinary shares of 25p each in IMI plc granted under an IMI Savings Related Share Option Scheme

|              | 30/09//04 | Granted | Price Stg | Exercised | Lapsed | 30/09/2005 | Exercise Price Stg | Date of Exercise |
|--------------|-----------|---------|-----------|-----------|--------|------------|--------------------|------------------|
| Greg Croydon | 8,394     | 1,815   | 3.80      | (6,111)   | -      | 4,098      | 2.01-3.80          | 2006-2008        |
| Nigel Gilpin | 8,394     | 3,165   | 3.80      | (6,111)   | -      | 5,448      | 2.01-3.80          | 2006-2010        |
| Trevor Slack | 7,384     | -       | -         | (4,173)   | (869)  | 2,342      | 2.01               | 2006-2007        |
| Joanne Bower | 715       | 249     | 3.80      | -         | -      | 964        | 2.44-3.80          | 2006-2008        |

## Number of options over ordinary shares of 25p each in IMI plc granted under a Performance Share Plan

|              | 30/09//04 | Granted | Exercised | 30/09/2005 | Price Stg | Date     |
|--------------|-----------|---------|-----------|------------|-----------|----------|
| Greg Croydon | -         | 8,500   | -         | 8,500      | 3.887     | 13.05.15 |
| Nigel Gilpin | -         | 8,500   | -         | 8,500      | 3.887     | 13.05.15 |
| Trevor Slack | -         | 83,900  | -         | 83,900     | 3.887     | 13.05.15 |

# Lakeside Finance

## Directors' report (*continued*)

|              | Number of ordinary<br>Shares of 25p each held in IMI plc. |          |
|--------------|---|----------|
|              | 30/09/04  | 30/09/05 |
| Greg Croydon | 5,858   | 25,836   |
| Nigel Gilpin | 589   | 393      |
| Trevor Slack | 25,886  | 78,101   |
| Joanne Bower | 358   | 548      |

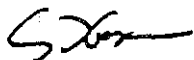
### Accounting records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to the books of account by employing a service provider with appropriate expertise and by providing adequate resources to the financial function. The books of account of the company are maintained at Lakeside, Solihull Parkway, Birmingham Business Park, Birmingham B37 7XZ, United Kingdom.

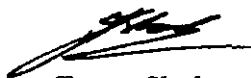
### Auditors

In accordance with Section 160(2) of the Companies Act, 1963, the auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the board



Gregory Croydon  
*Director*



Trevor Slack  
*Director*

19 April 2006

# Lakeside Finance

## Statement of Directors responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those 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
- 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 books of account which 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 Acts, 1963 to 2005 and all Regulations to be construed as one with those Acts. 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.

On behalf of the board



Gregory Croydon  
*Director*



Trevor Slack  
*Director*

19 April 2006

## Independent auditors' report to the members of Lakeside Finance

We have audited the financial statements on pages 7 to 15.

*This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we 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 are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 Acts. As also required by the Acts, we state whether we have obtained all the information and explanations we require for our audit, whether the company's balance sheet is in agreement with the books of account and report to you our opinion as to whether

- the company has kept proper books of account;
- the directors' report is consistent with the financial statements;
- at the balance sheet date a financial situation existed that may require the company to hold an extraordinary general meeting, on the grounds that the net assets of the company, as shown in the financial statements, are less than half of its share capital.

We also report to you if, in our opinion, information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards 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 auditors' report to the members of Lakeside Finance

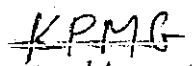
### Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the company as at 30 September 2005 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2005 and all Regulations to be construed as one with those Acts.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The balance sheet of the company is in agreement with the books of account.

In our opinion, the information given in the directors' report on pages 2 and 3 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 10, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 30 September 2005 a financial situation which, under section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

  
Chartered Accountants  
Registered Auditors

19 April 2006



# Lakeside Finance

## Statement of accounting policies

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

### **Basis of accounting**

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

The directors have availed of the exemption available to companies under Financial Reporting Standard 2, "Accounting for Subsidiary Undertakings", as its ultimate parent undertaking, IMI plc prepares consolidated financial statements into which Lakeside Finance is consolidated.

The directors have decided to avail of the exemption available to subsidiary undertakings under Financial Reporting Standard 1 (Revised), "Cash Flow Statements", and accordingly have not prepared a cash flow statement.

### **Foreign currency**

The financial statements are expressed in US Dollars, (US\$). Monetary assets and liabilities denominated in foreign currencies are translated into US\$ using the exchange rates prevailing at the balance sheet date or at exchange rates under forward currency contracts where such contracts exist for the relevant monetary assets and liabilities. Profits and losses on these contracts are amortised over the life of the contracts and included in the profit and loss account.

Transactions denominated in foreign currencies are recorded in US\$ at the exchange rates ruling at the date of the transactions. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

Monetary assets are monies held and amounts to be received in cash. All other assets are non-monetary assets.

### **Income**

Income, which comprises interest on loans advanced, is taken to revenue on an accruals basis gross of any related withholding tax.

### **Financial fixed assets**

Financial fixed assets are carried at cost less any provision for impairment in value.

# Lakeside Finance

## Statement of accounting policies *(continued)*

### **Taxation**

Corporation tax is provided on taxable profits at the current rate.

In accordance with FRS 19, "Deferred Tax", except where otherwise required by other accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. Provision is made at the rates of taxation expected to prevail at the time of reversal.

A deferred tax asset is recorded where it is more likely than not to be recoverable. The recoverability of deferred tax assets is assessed annually by the directors.


# Lakeside Finance

## Profit and loss account for the year ended 30 September 2005

|   |              | Year ended<br>30 September<br>2005<br>US\$ | Year ended<br>30 September<br>2004<br>US\$ |
|---|--------------|--|--|
|   | <i>Note</i>  |  |  |
| Operating income - continuing activities      | 1            | 7,029,708                                  | 3,862,634                                  |
| Operating expenses                            | 2            | (24,532)                                   | (86,172)                                   |
|   |              | <hr/>                                      | <hr/>                                      |
| Profit on ordinary activities before taxation |              | 7,005,176                                  | 3,776,462                                  |
|   |              |  |  |
| Tax on profit on ordinary activities          | 5            | (2,166,110)                                | (1,052,116)                                |
|   |              | <hr/>                                      | <hr/>                                      |
| Profit on ordinary activities after taxation  |              | 4,839,066                                  | 2,724,346                                  |
|   |              |  |  |
| <del>Dividends paid and proposed</del>        | <del>6</del> | <del>-</del>                               | <del>(384,000)</del>                       |
|   |              | <hr/>                                      | <hr/>                                      |
| Retained profit for the year                  |              | 4,839,066                                  | 2,340,346                                  |
|   |              |  |  |
| Profit and loss account at beginning of year  |              | 12,762,574                                 | 10,422,228                                 |
|   |              | <hr/>                                      | <hr/>                                      |
| Profit and loss account at end of year        |              | 17,601,640                                 | 12,762,574                                 |
|   |              | <hr/>                                      | <hr/>                                      |

The company had no recognised gains or losses in the financial year other than those set out in the profit and loss account and, accordingly, a statement of total recognised gains and losses is not presented.

On behalf of the board

  
Gregory Croydon  
Director

  
Trevor Slack  
Director

# Lakeside Finance

## Balance sheet at 30 September 2005

|  |      | 30 September<br>2005<br>US\$  | 30 September<br>2004<br>US\$  |
|--|------|-------------------------------|-------------------------------|
|  | Note |                               |                               |
| Fixed assets                                   |      |                               |                               |
| Financial assets                               | 7    | 587,004,000                   | 587,004,000                   |
| Current assets                                 |      |                               |                               |
| Loans and advances                             | 8    | 231,830,652                   | 226,857,770                   |
| Debtors  | 9    | 795,952                       | 385,658                       |
| Bank and cash                                  |      | 78,338                        | 18,023                        |
|  |      | <u>232,704,942</u>            | <u>227,261,451</u>            |
| Creditors: amounts falling due within one year | 10   | (1,103,300)                   | (498,875)                     |
| <del>Net current assets</del>                  |      | <u><del>231,601,642</del></u> | <u><del>226,762,576</del></u> |
| Net assets                                     |      | <u>818,605,642</u>            | <u>813,766,576</u>            |
| Capital and reserves                           |      |                               |                               |
| Called up share capital                        | 11   | 801,004,002                   | 801,004,002                   |
| Profit and loss account                        |      | 17,601,640                    | 12,762,574                    |
| Shareholders' funds - equity                   | 12   | <u>818,605,642</u>            | <u>813,766,576</u>            |

On behalf of the board

  
Gregory Croydon  
Director

  
Trevor Slack  
Director

# Lakeside Finance

## Notes

*(forming part of the financial statements)*

| <b>1 Operating income</b>  | <b>Year ended<br/>30 September<br/>2005<br/>US\$</b>     | <b>Year ended<br/>30 September<br/>2004<br/>US\$</b>     |
|--|--|--|
| Interest income  | 7,030,979  | 3,862,634  |
| Interest expense   | (1,271)  | -  |
|  | <u>7,029,708</u>   | <u>3,862,634</u>   |
| <br><b>2 Operating expenses</b>  | <br><b>Year ended<br/>30 September<br/>2005<br/>US\$</b> | <br><b>Year ended<br/>30 September<br/>2004<br/>US\$</b> |
| Administration expenses  | 24,532   | 86,172   |
|  | <u>24,532</u>  | <u>86,172</u>  |
| <br><b>3 Statutory and other information</b>                               | <br><b>Year ended<br/>30 September<br/>2005<br/>US\$</b> | <br><b>Year ended<br/>30 September<br/>2004<br/>US\$</b> |
| Profit on ordinary activities before<br>taxation is stated after charging: |  |  |
| Auditors' remuneration   |  |  |
| - Audit  | 11,641   | 11,987   |
| - Non audit services   | -  | 16,038   |

## 4 Staff numbers and costs

The company had no persons directly employed at any time during the financial year.

# Lakeside Finance

## Notes (continued)

### 5 Taxation

|   | Year ended<br>30 September<br>2005<br>US\$ | Year ended<br>30 September<br>2004<br>US\$ |
|---|--|--|
| <b>(a) Analysis of charge in year</b>   |  |  |
| Corporation tax on profits for the year | 2,148,553                                  | 1,052,116                                  |
| Under provision in previous year        | 17,557                                     | -  |
|   | <hr/>                                      | <hr/>                                      |
| <b>Total current tax (note 5(b))</b>    | <b>2,166,110</b>                           | <b>1,052,116</b>                           |
|   | <hr/>                                      | <hr/>                                      |

### (b) Factors affecting tax charge in year

The tax assessed for the year is higher than the standard rate of corporation tax in Ireland of 12½% as the company became UK tax resident on 1 November 2003, where the standard rate of tax is 30%. The differences are explained below:

|   | Year ended<br>30 September<br>2005<br>US\$ | Year ended<br>30 September<br>2004<br>US\$ |
|---|--|--|
| Profit on ordinary activities before tax  | 7,005,176                                  | 3,776,462                                  |
| Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% | 2,101,553                                  | 1,132,939                                  |
| <i>Effects of:</i>  |  |  |
| Prior year under provision in corporation tax   | 17,557                                     | -  |
| Movement in exchange rate of US\$ to £Sterling  | 47,000                                     | -  |
| Differences in tax rates  | -  | (80,823)                                   |
|   | <hr/>                                      | <hr/>                                      |
| <b>Total current tax (note 5(a))</b>  | <b>2,166,110</b>                           | <b>1,052,116</b>                           |
|   | <hr/>                                      | <hr/>                                      |

### 6 Dividends

|                              | Year ended<br>30 September<br>2005<br>US\$ | Year ended<br>30 September<br>2004<br>US\$ |
|------------------------------|--|--|
| Ordinary Shares              |  |  |
| - Paid US\$0.00048 per share | -  | 384,000                                    |
|                              | <hr/>                                      | <hr/>                                      |

# Lakeside Finance

## Notes (continued)

### 7 Financial assets

|                                  | 30 September<br>2005<br>US\$ | 30 September<br>2004<br>US\$ |
|----------------------------------|------------------------------|------------------------------|
| Shares in subsidiary undertaking | 587,004,000                  | 587,004,000                  |

#### *Subsidiary undertakings*

| <i>Name and<br/>registered office</i> | <i>Country of<br/>incorporation</i> | <i>Details of<br/>investment</i> | <i>Proportion held<br/>by company</i> | <i>Principal<br/>activity</i> |
|---------------------------------------|-------------------------------------|----------------------------------|---------------------------------------|-------------------------------|
|---------------------------------------|-------------------------------------|----------------------------------|---------------------------------------|-------------------------------|

#### *Investment held 30 September 2005 and at 30 September 2004*

|                      |         |                                      |      |                    |
|----------------------|---------|--------------------------------------|------|--------------------|
| IMI Treasury Ireland | Ireland | 400,000,000 shares<br>of US\$ 1 each | 100% | Finance<br>company |
|----------------------|---------|--------------------------------------|------|--------------------|

In the opinion of the directors the shares in the company's subsidiary are worth at least the amount at which they are stated in the balance sheet.

### 8 Loans and advances

|                             | 30 September<br>2005<br>US\$ | 30 September<br>2004<br>US\$ |
|-----------------------------|------------------------------|------------------------------|
| Due from group undertakings | 231,830,652                  | 226,857,770                  |

All loans and advances fall due within one year.

# Lakeside Finance

## Notes (continued)

### 9 Debtors

|                             | 30 September<br>2005<br>US\$ | 30 September<br>2004<br>US\$ |
|-----------------------------|------------------------------|------------------------------|
| Accrued interest receivable | 795,952                      | 385,658                      |

All debtors fall due within one year.

### 10 Creditors: amounts falling due within one year.

|                         | 30 September<br>2005<br>US\$ | 30 September<br>2004<br>US\$ |
|-------------------------|------------------------------|------------------------------|
| Corporation tax payable | 1,090,388                    | 498,875                      |
| Other creditors         | 12,912                       | -                            |
|                         | <u>1,103,300</u>             | <u>498,875</u>               |

### 11 Share capital

|  | 30 September<br>2005<br>US\$ | 30 September<br>2004<br>US\$ |
|--|------------------------------|------------------------------|
| <i>Authorised:</i>                           |                              |                              |
| 1,000,000,000 ordinary shares of US\$1 each  | <u>1,000,000,000</u>         | <u>1,000,000,000</u>         |
| <i>Allotted, called up and fully paid:</i>   |                              |                              |
| 801,004,002 ordinary shares<br>of US\$1 each | <u>801,004,002</u>           | <u>801,004,002</u>           |



# Lakeside Finance

## Notes (continued)

### 12 Reconciliation of movements in shareholders' funds

|  | 30 September<br>2005<br>US\$ | 30 September<br>2004<br>US\$ |
|--|------------------------------|------------------------------|
| Total recognised gains and losses for year | 4,839,066                    | 2,340,346                    |
| Opening shareholders' funds                | 813,766,576                  | 811,426,230                  |
|  | <hr/>                        | <hr/>                        |
| Closing shareholders' funds                | 818,605,642                  | 813,766,576                  |
|  | <hr/>                        | <hr/>                        |

### 13 Related parties

The company has availed of the exemption in Financial Reporting Standard No. 8, "Related Party Disclosures", for undertakings consolidated by a parent owning more than 90% of the ordinary share capital and, accordingly, the details of transactions with fellow group undertakings are not disclosed. Details of the availability of the group's consolidated financial statements are given in note 14 below.

### 14 Group membership

The company's ultimate parent undertaking is IMI plc, a company incorporated and operating in the United Kingdom. The company's financial statements are included in the consolidated financial statements prepared by its ultimate controlling party, IMI plc. The consolidated financial statements can be obtained from IMI plc, Lakeside, Solihull Parkway, Birmingham Business Park, Birmingham, B37 7XZ, United Kingdom.

### 15 Approval of financial statements

These financial statements were approved by the directors on 19<sup>th</sup> April 2006.

FC23121

HeiTel Digital Vid  
Bilanz zum 31.

**Aktiva**

|   | EUR        | Stand<br>31.12.2005<br>EUR | Stand<br>31.12.2004<br>EUR |
|---|------------|----------------------------|----------------------------|
| <b>A. Anlagevermögen</b>  |            |                            |                            |
| I. Immaterielle<br><u>Vermögensgegenstände</u>  |            |                            |                            |
| 1. Konzessionen, gewerbliche Schutz-<br>rechte und ähnliche Rechte und<br>Werte sowie Lizenzen an solchen<br>Rechten und Werten | 14.034,05  |                            | 10.587,05                  |
| 2. Geschäftswert  | 3.087,00   |                            | 6.174,00                   |
| II. <u>Sachanlagen</u>  |            |                            |                            |
| 1. Andere Anlagen, Betriebs- und<br>Geschäftsausstattung  | 68.000,14  |                            | 50.601,69                  |
|   |            | 85.121,19                  | 67.362,74                  |
| <b>B. Umlaufvermögen</b>  |            |                            |                            |
| I. <u>Vorräte</u>   |            |                            |                            |
| 1. Unfertige Erzeugnisse  | 325.645,54 |                            | 341.754,77                 |
| 2. Geleistete Anzahlungen   | 0,00       |                            | 2.753,00                   |
| II. <u>Forderungen und sonstige<br/>        Vermögensgegenstände</u>  |            |                            |                            |
| 1. Forderungen aus Lieferungen<br>und Leistungen  | 579.742,16 |                            | 351.986,88                 |
| 2. Sonstige Vermögensgegenstände  | 19.043,75  |                            | 36.879,04                  |
| III. <u>Kassenbestand, Guthaben<br/>        bei Kreditinstituten</u>  | 231.583,89 |                            | 5.365,22                   |
|   |            | 1.156.015,34               | 738.738,91                 |
| <b>C. <u>Rechnungsabgrenzungsposten</u></b>   |            | 6.098,85                   | 7.264,64                   |
|   |            | <u>1.247.235,38</u>        | <u>813.366,29</u>          |