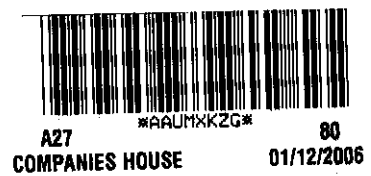


188150

Nicholsons Sealing Technologies Limited

Report and Accounts

31 March 2006



Registered number
00188150

Nicholsons Sealing Technologies Limited

Directors' Report

The directors present their report and accounts for the year ended 31 March 2006.

Principal activities and review of the business

The company's principal activity during the year continued to be those of engineers. The company moved to a new 50,000 sq ft unit during 2005 and consequently production was disrupted albeit in accordance with the company's relocation plan. Significant additional costs relating to the move and the cost of customer re-approvals, etc. were also incurred. Substantial investment has been made in the new site, creating a modern cost effective unit which will reduce overheads and greatly improve production efficiency.

Results and dividends

The profit for the year, after taxation, amounted to £693,483. The directors do not recommend the payment of an ordinary dividend during the year. Preference dividends of £10,000 were payable during the year.

Future developments

The directors aim to maintain the management policies which have resulted in the company's growth in recent years. The company has experienced an increase in customer enquiries since the move and envisages that the year ended 31 March 2007 will see a rise in turnover and a return to profitability.

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 Preference shares		£1 Ordinary shares	
	31 Mar 2006	1 Apr 2005	31 Mar 2006	1 Apr 2005
T P Nicholson, Snr	200,000	-	-	-
Mrs E M Carr	-	-	31,625	31,625
Mrs M M Smith	-	-	77,050	77,050
Mrs J E M Knights	-	-	98,210	98,210
J J Nicholson	-	-	97,980	97,980
Mrs H M Green	-	-	97,980	97,980
N P Green	-	-	-	-
T P Nicholson (appointed 20 July 2005)	-	-	65,780	65,780
D B Gledhill	-	-	-	-
W G Maxwell	-	-	-	-

Political and charitable donations

During the year, the company made various charitable contributions totalling £505.

Disclosure of information to auditors

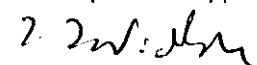
So far as each director at the date of approval of this report is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Acquisition of own shares

During the year the company acquired 73,140 £1 ordinary shares of £1 each.

This report was approved by the board on 21 June 2006.



J J Nicholson
Director

Nicholsons Sealing Technologies Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

Nicholsons Sealing Technologies Limited

Independent auditors' report to Nicholsons Sealing Technologies Limited under section 246A of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 4 to 18, together with the financial statements of the company for the year ended 31 March 2006 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 18 are properly prepared in accordance with that provision.



Laverick Walton & Co
Registered auditors
21 June 2006

Unit B8 Marquis Court
Team Valley
Gateshead
Tyne & Wear

Nicholsons Sealing Technologies Limited
Profit and Loss Account
for the year ended 31 March 2006

	Notes	2006 £	2005 £
Gross profit		1,893,263	2,469,768
Administrative expenses		(2,429,917)	(2,251,224)
Other operating income		32,000	-
Operating (loss)/profit	3	(504,654)	218,544
Exceptional items:			
profit on the disposal of tangible fixed assets	4	1,418,581	-
		913,927	218,544
Interest receivable		1,551	4,170
Interest payable	7	(113,374)	(18,393)
Profit on ordinary activities before taxation		802,104	204,321
Tax on profit on ordinary activities	8	(108,621)	(9,021)
Profit for the financial year		<u>693,483</u>	<u>195,300</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

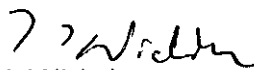
Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

Nicholsons Sealing Technologies Limited
Balance Sheet
as at 31 March 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	9	2,743,212	3,317,396
Investments	10	1,921,007	1,900,238
		4,664,219	5,217,634
Current assets			
Stocks	11	656,972	772,681
Debtors	12	1,294,076	1,275,444
Cash at bank and in hand		1,199,097	192,939
		3,150,145	2,241,064
Creditors: amounts falling due within one year	13	(992,583)	(637,543)
Net current assets		2,157,562	1,603,521
Total assets less current liabilities		6,821,781	6,821,155
Creditors: amounts falling due after more than one year	14	(2,324,557)	(3,323,470)
Provisions for liabilities			
Deferred taxation	17	(139,360)	(46,169)
Other provisions	18	(150,000)	-
		(289,360)	(46,169)
Net assets		<u>4,207,864</u>	<u>3,451,516</u>
Capital and reserves			
Called up share capital	19	981,375	754,515
Share premium	20	828,451	828,451
Revaluation reserve	21	157,623	1,311,412
Capital redemption reserve	22	73,411	271
Profit and loss account	23	2,167,004	556,867
Shareholders' funds	25	<u>4,207,864</u>	<u>3,451,516</u>

The accounts have been prepared in accordance with the special provisions relating to medium companies within Part VII of the Companies Act 1985.



J J Nicholson
Director

Approved by the board on 21 June 2006

Nicholsons Sealing Technologies Limited
Cash Flow Statement
for the year ended 31 March 2006

	Notes	2006 £	2005 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating (loss)/profit		(504,654)	226,528
Depreciation charges		130,002	111,140
Decrease/(increase) in stocks		115,709	(127,555)
Increase in debtors		(18,632)	(146,275)
Increase in creditors		412,728	247,485
Net cash inflow from operating activities		<u>135,153</u>	<u>311,323</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		135,153	311,323
Returns on investments and servicing of finance	26	(111,823)	(14,223)
Taxation		(1,690)	-
Capital expenditure	26	2,012,823 2,034,463	(1,246,606) (949,506)
Equity dividends paid		10,000 2,044,463	- (949,506)
Financing	26	(1,038,305)	1,127,714
Increase in cash		<u>1,006,158</u>	<u>178,208</u>

Reconciliation of net cash flow to movement in net debt

Increase in cash in the period		1,006,158	178,208
Decrease/(increase) in debt and lease financing		1,101,170	(1,252,184)
New finance leases		(170,829)	-
Change in net debt	27	1,936,499	(1,073,976)
Net debt at 1 April		(1,134,279)	(60,303)
Net funds/(net debt) at 31 March		<u>802,220</u>	<u>(1,134,279)</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

1 Accounting policies

Accounting convention

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

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	2% per annum on straight line basis
Plant and equipment	15% per annum on reducing balance basis
Furniture and fittings	15% per annum on reducing balance basis
Computer equipment	20% per annum on straight line basis
Motor vehicles	25% per annum on reducing balance basis

Stocks and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

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

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

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Turnover is attributable to one continuing activity.

3 Operating profit

2006
£ **2005**
£

This is stated after charging:

Depreciation of owned fixed assets	83,650	93,193
Depreciation of assets held under finance leases and hire purchase contracts	46,352	17,947
Operating lease rentals - plant and machinery	12,671	11,636
Operating lease rentals - motor vehicles	-	1,523
Auditors' remuneration	5,000	5,000

4 Exceptional items

2006
£ **2005**
£

Profit on disposal of land and buildings	1,418,581	-
--	-----------	---

5 Directors' emoluments

2006
£ **2005**
£

Emoluments	468,784	388,665
Company contributions to money purchase pension schemes	39,984	31,325
	508,768	419,990

Highest paid director: Emoluments	66,989	61,521
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Number of directors in company pension schemes:

2006
Number **2005**
Number

Money purchase schemes	5	6
------------------------	---	---

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

6 Staff costs	2006	2005
	£	£
Wages and salaries	1,449,945	1,296,712
Social security costs	6,406	6,781
Other pension costs	107,853	94,742
	<u>1,564,204</u>	<u>1,398,235</u>

Average number of employees during the year	Number	Number
Production	81	83
Sales and distribution	10	12
Administration etc.	33	35
	<u>124</u>	<u>130</u>

7 Interest payable	2006	2005
	£	£
Bank loans and overdrafts	91,247	13,047
Finance charges payable under finance leases and hire purchase contracts	12,127	5,346
Non-equity dividends	10,000	-
	<u>113,374</u>	<u>18,393</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

8 Taxation	2006 £	2005 £
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	15,430	3,841
Deferred tax:		
Origination and reversal of timing differences	93,191	5,180
 Tax on profit on ordinary activities	 <u>108,621</u>	 <u>9,021</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2006 £	2005 £
Profit on ordinary activities before tax	<u>802,104</u>	<u>204,321</u>
Standard rate of corporation tax in the UK	19%	19%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	152,400	38,821
Effects of:		
Expenses not deductible for tax purposes	2,930	1,732
Capital allowances for period in excess of depreciation	(25,089)	(1,319)
Capital gains tax adjustments	(143,311)	-
Grant tax adjustment	28,500	-
Utilisation of tax losses and other enhancement	-	(35,211)
Marginal and other reliefs	-	(182)
 Current tax charge for period	 <u>15,430</u>	 <u>3,841</u>

Factors that may affect future tax charges

The tax charge for the year increased by £1,030 (2005: £1,732) as a result of the disallowance of entertaining, a proportion of car leasing expenditure and other minor items.

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor Vehicles £	Total £
Cost				
At 1 April 2005	2,907,302	1,559,161	134,279	4,600,742
Additions	506,665	383,434	36,981	927,080
Disposals	(1,479,470)	(58,452)	(10,792)	(1,548,714)
At 31 March 2006	<u>1,934,497</u>	<u>1,884,143</u>	<u>160,468</u>	<u>3,979,108</u>
Depreciation				
At 1 April 2005	134,901	1,083,811	64,634	1,283,346
Charge for the year	3,204	100,775	26,023	130,002
On disposals	(125,104)	(48,103)	(4,245)	(177,452)
At 31 March 2006	<u>13,001</u>	<u>1,136,483</u>	<u>86,412</u>	<u>1,235,896</u>
Net book value				
At 31 March 2006	<u>1,921,496</u>	<u>747,660</u>	<u>74,056</u>	<u>2,743,212</u>
At 31 March 2005	<u>2,772,401</u>	<u>475,350</u>	<u>69,645</u>	<u>3,317,396</u>

Freehold land and buildings:

	2006 £	2005 £
Historical cost	<u>1,776,874</u>	<u>1,595,890</u>
Cumulative depreciation based on historical cost	<u>13,001</u>	<u>134,901</u>

Net book value of plant and machinery included above held
under finance leases and hire purchase contracts

	2006 £	2005 £
	<u>319,420</u>	<u>111,585</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

10 Investments

	Investments in subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 April 2005	1,880,120	20,118	1,900,238
Additions	8,769	12,000	20,769
At 31 March 2006	<u>1,888,889</u>	<u>32,118</u>	<u>1,921,007</u>

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Nicholsons Aircraft Seals Ltd	England and Wales	Ordinary	100
Nicholsons Sealing Technologies sp. z o.o.	Poland	Ordinary	100

Other investments	2006 £	2005 £
Unlisted investments	<u>32,118</u>	<u>20,118</u>

11 Stocks

	2006 £	2005 £
Raw materials and consumables	295,404	318,185
Work in progress	361,568	454,496
	<u>656,972</u>	<u>772,681</u>

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

12 Debtors

	2006 £	2005 £
Trade debtors	1,188,761	1,193,632
Amounts owed by group undertakings and undertakings in which the company has a participating interest	36,265	-
Prepayments and accrued income	69,050	81,812
	<u>1,294,076</u>	<u>1,275,444</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

13 Creditors: amounts falling due within one year	2006	2005
	£	£
Bank loans	200,000	-
Obligations under finance lease and hire purchase contracts	111,226	45,584
Trade creditors	300,245	313,401
Corporation tax	17,581	3,841
Other taxes and social security costs	128,998	168,878
Other creditors	141,017	32,731
Accruals and deferred income	83,516	73,108
Proposed dividend	10,000	-
	<u>992,583</u>	<u>637,543</u>

14 Creditors: amounts falling due after one year	2006	2005
	£	£
Bank loans	-	1,250,000
Obligations under finance lease and hire purchase contracts	85,651	31,634
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2,097,858	2,041,836
Other creditors	141,048	-
	<u>2,324,557</u>	<u>3,323,470</u>

15 Loans	2006	2005
	£	£
Analysis of maturity of debt:		
Within one year or on demand	200,000	-
Between two and five years	-	1,250,000
	<u>200,000</u>	<u>1,250,000</u>

The bank loans are secured on the company's freehold land and buildings.

16 Obligations under finance leases and hire purchase contracts	2006	2005
	£	£
Amounts payable:		
Within one year	111,226	45,584
Within two to five years	85,651	31,634
	<u>196,877</u>	<u>77,218</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

17 Deferred taxation	2006	2005
	£	£
Accelerated capital allowances	139,360	46,169
Undiscounted provision for deferred tax	139,360	46,169
	2006	2005
	£	£
At 1 April	46,169	40,989
Deferred tax charge in profit and loss account	93,191	5,180
At 31 March	<u>139,360</u>	<u>46,169</u>

18 Provisions for liabilities

	Grants
	£
At 1 April 2005	-
Grants received during the year	162,000
Grants released to profit and loss account	(12,000)
At 31 March 2006	<u>150,000</u>

19 Share capital	2006	2005
	£	£
Authorised:		
Ordinary shares of £1 each	1,000,000	1,000,000
5% Redeemable preference shares of £1 each	1,000,000	1,000,000
	<u>2,000,000</u>	<u>2,000,000</u>
	2006	2005
	No	No
Allotted, called up and fully paid:		
Ordinary shares of £1 each	681,375	754,515
5% Redeemable preference	300,000	-
	<u>1,281,375</u>	<u>754,515</u>

300,000 5% redeemable preference shares were issued during the year at par.

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

20 Share premium	2006	2005
	£	£
At 1 April	828,451	1,576,405
Capitalised re bonus share issue	-	(747,954)
At 31 March	<u>828,451</u>	<u>828,451</u>
21 Revaluation reserve	2006	2005
	£	£
At 1 April	1,311,412	-
Transfer to profit and loss	(1,153,789)	1,311,412
At 31 March	<u>157,623</u>	<u>1,311,412</u>
22 Capital redemption reserve	2006	2005
	£	£
At 1 April	271	-
Transfer from share capital	73,140	271
At 31 March	<u>73,411</u>	<u>271</u>
23 Profit and loss account	2006	2005
	£	£
At 1 April	556,867	486,037
Profit for the financial year	693,483	195,300
Purchase of own shares	(237,135)	(124,470)
Transfer from revaluation reserve	1,153,789	-
At 31 March	<u>2,167,004</u>	<u>556,867</u>
24 Dividends	2006	2005
	£	£
Dividends for which the company became liable during the year:		
Dividends not paid	<u>10,000</u>	<u>-</u>
Analysis of dividends by type:		
Non-equity dividends (note 7)	<u>10,000</u>	<u>-</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

25 Reconciliation of movement in shareholders' funds

	2006	2005
	£	£
At 1 April	3,451,516	2,069,274
Profit for the financial year	693,483	195,300
Other recognised gains and losses	-	1,311,412
Shares issued	300,000	-
Shares redeemed	(237,135)	(124,470)
At 31 March	<u>4,207,864</u>	<u>3,451,516</u>

26 Gross cash flows

	2006	2005
	£	£
Returns on investments and servicing of finance		
Interest received	1,551	4,170
Interest paid	(101,247)	(13,047)
Interest element of finance lease rental payments	(12,127)	(5,346)
	<u>(111,823)</u>	<u>(14,223)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(756,251)	(1,395,343)
Payments to acquire investments	(20,769)	(20,118)
Receipts from sales of tangible fixed assets	2,789,843	44,510
Receipts from sales of investments	-	124,345
	<u>2,012,823</u>	<u>(1,246,606)</u>
Financing		
Issue of share capital	300,000	-
Redemption of share capital	(237,135)	(124,470)
New loans raised	-	1,250,000
Loan repayments	(1,050,000)	-
Capital element of finance lease rental payments	(51,170)	2,184
	<u>(1,038,305)</u>	<u>1,127,714</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

27 Analysis of changes in net debt

	At 1 Apr 2005 £	Cash flows £	Non-cash changes £	At 31 Mar 2006 £
Cash at bank and in hand	192,939	1,006,158		1,199,097
Debt due within 1 year	-	(200,000)		(200,000)
Debt due after 1 year	(1,250,000)	1,250,000		-
Finance leases	(77,218)	(119,659)		(196,877)
		930,341		
Total	(1,134,279)	1,936,499	-	802,220

28 Major non-cash transactions

	2006 £
Capital value of new finance lease arrangements	170,829

29 Pension commitments

The company operates defined contribution pension schemes on behalf of certain directors and employees. The assets of the pension scheme are held separately from those of the company in independently administered funds. The pension cost represents contributions payable by the company to the fund and amounted to £107,853 (2005 - £94,742). Contributions amounting to £11,017 (2005: £10,718) were payable at the year end and are shown under other creditors due within one year.

30 Contingent liabilities

During the year the company received grants in respect of new premises, rates and plant and equipment. If certain grant conditions are not met some of the grants may be repayable by the company. In the opinion of the directors all conditions to date have been met and the liability to repay grants is remote.

The company has given an unlimited guarantee to Barclays Bank Plc for liabilities incurred by Nicholsons Aircraft Seals Limited with the said bank. At 31 March 2006 that company had borrowings of £Nil (2005: £Nil)

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2006

31 Controlling party

The company is controlled by the directors and their immediate families.

32 Subsidiaries

The company is a parent company to Nicholsons Aircraft Seals Limited. This company is dormant. The company is a parent to Nicholsons Sealing Technologies sp. z o o a company formed in Poland. This is a non trading company.

33 Group accounts

These financial statements present information about Nicholsons Sealing Technologies Limited only and not about its group.

The group is a medium sized group and therefore is exempt from preparing consolidated financial statements.