

A.T.A. (GRINDING PROCESSES) LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2004

Registered in England No. 00751205



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COMPANIES HOUSE**

**730
01/11/2005**

A.T.A. (GRINDING PROCESSES) LIMITED

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A.T.A. (GRINDING PROCESSES) LIMITED

DIRECTORS AND OTHER INFORMATION

Directors

W S Wilson
P R B Agnew
B H Lemond

Secretary

L D Grainger

Registered Office

Chain Annealing Works
Shirland Lane
Sheffield
S9 3FG

**Solicitors to the
Company**

DLA
249 West George Street
Glasgow G2 4RB

Auditors

Grant Thornton UK LLP
Chartered Accountants
95 Bothwell Street
Glasgow
G2 7JZ

Bankers

Bank of Scotland
Level Eight
123 St. Vincent Street
Glasgow G2 5EA

A.T.A. (GRINDING PROCESSES) LIMITED

DIRECTORS' REPORT

The Directors present herewith, the audited accounts for the year ended 31 December 2004.

Principal Activities

The principal activity of the company during the year was the marketing of machines and tools.

Results and Dividends

The results for the year are set out in the Profit and Loss Account on page 6.

No dividends were paid during the year (2003 - £Nil). A profit of £260,940 has been transferred to reserves (2003 - profit of £345,323 transferred to reserves).

Development of Business and Future Prospects

The Directors consider the results for the year to be satisfactory and that the company is well placed to continue to trade profitably in its activities in the future.

Directors and their Interests

The names of the present Directors and Secretary of the Company are as follows.

Directors	W S Wilson
	P R B Agnew
	B H Lemond

Secretary	L D Grainger
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R Holland resigned as a Director of the Company on 24th December 2004.

None of the Directors held at any time during the year any interest in the share capital of the company.

The interests of W S Wilson and P R B Agnew in the ordinary shares of Oakenash Group Ltd., the ultimate parent company at the year end, are shown in the Directors' report of that Company. None of the other directors had any interest in the shares of Oakenash Group Ltd. at any time during the year.

A.T.A. (GRINDING PROCESSES) LIMITED

DIRECTORS' REPORT (Contd.)

Auditors

Grant Thornton UK LLP offer themselves for reappointment in accordance with Section 385 of the Companies Act 1985.

Statement of Directors' Responsibilities

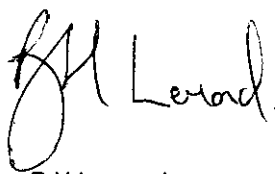
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the financial year. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently ;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable accounting standards have been followed ;
- 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 ensuring that proper accounting records are kept such that they disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for ensuring that satisfactory arrangements exist to safeguard 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

Director :



B H Lemond

31 October 2005

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

A.T.A. (GRINDING PROCESSES) LIMITED

We have audited the financial statements of A.T.A. (Grinding Processes) Limited for the year ended 31 December 2004 which comprise of the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 18. 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 director's report and the financial statements in accordance with applicable law and United Kingdom accounting standards 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 United Kingdom auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. This other information comprises of only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
GLASGOW

Grant Thornton UK LLP

31 October 2005

A.T.A. (GRINDING PROCESSES) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
TURNOVER (continuing operations)	2	3,596,159	4,307,214
Cost of sales		<u>1,919,276</u>	<u>2,317,327</u>
GROSS PROFIT		1,676,883	1,989,887
Distribution costs		860,746	1,008,469
Administrative costs		<u>430,246</u>	<u>478,442</u>
OPERATING PROFIT (continuing operations)		385,891	502,976
Interest payable and similar charges	3	<u>(6,581)</u>	<u>(3,155)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	4	379,310	499,821
Tax charge on profit on ordinary activities	7	<u>(118,370)</u>	<u>(154,498)</u>
PROFIT RETAINED AND TRANSFERRED TO RESERVES	14 , 15	<u>260,940</u>	<u>345,323</u>

There are no recognised gains or losses for the current or preceding year other than the result for the period.

The accompanying accounting policies and notes form an integral part of these accounts.

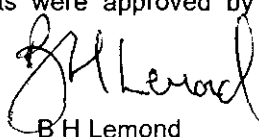
A.T.A. (GRINDING PROCESSES) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

		2004 £	2003 £
FIXED ASSETS	Note		
Tangible Assets	8	57,970	73,590
		-----	-----
CURRENT ASSETS			
Stocks	9	1,146,161	1,270,640
Debtors	10	1,133,123	844,105
Cash at bank and in hand		9,013,720	7,755,149
		-----	-----
		11,293,004	9,869,894
		-----	-----
CREDITORS : Amounts falling due within one year	11	(3,561,981)	(2,415,431)
		-----	-----
NET CURRENT ASSETS		7,731,023	7,454,463
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		7,788,993	7,528,053
CREDITORS : Amounts falling due after more than one year	11	(1,483,388)	(1,483,388)
TOTAL NET ASSETS		6,305,605	6,044,665
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	13	10,000	10,000
Profit and loss account	14	6,295,605	6,034,665
		-----	-----
SHAREHOLDERS' FUNDS (incl. non equity)	15	6,305,605	6,044,665
		=====	=====

The accounts were approved by the Board of Directors on 31 October 2005.

Director :


B H Lemond

The accompanying accounting policies and notes form an integral part of these accounts.

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The particular accounting policies used are described below.

(a) **Accounting Convention**

The accounts have been prepared under the historical cost convention.

(b) **Stock and Work in Progress**

Stock is stated at the lower of cost and net realisable value. Cost represents materials purchased and where appropriate direct labour and other costs associated with the assembly of goods for resale. Slow moving trading stock is provided against on a case by case basis. Due to the nature of spares stock the company do not provide against slow moving items.

(c) **Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided in equal annual instalments on all fixed assets at rates calculated to write off the cost of each asset over its estimated useful life.

The rates of depreciation provided are as follows :

Plant, Equipment and Fittings	10%
Motor vehicles	25%

(d) **Deferred Taxation**

Deferred taxation is provided at appropriate tax rates on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts except where the tax reduction is expected to continue for the future.

(e) **Foreign Currency**

Transactions in foreign currencies are translated into sterling at the actual rates ruling at the times of settlement of the transactions. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year end rates of exchange . Exchange gains and losses are dealt with in the profit and loss account.

(f) **Leases**

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases. Assets held under finance leases and hire purchase are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

(g) **Pension Costs**

Retirement benefits to employees of the companies in the Group are provided by defined contribution schemes funded by contributions from group companies and employees. The charge to the profit and loss account represents amounts payable to these schemes during the year.

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

(h) Cashflow Statement

The directors have taken advantage of the exemption in FRS 1 (revised) from including a cashflow statement in the financial statements on the grounds that 90% or more of the voting rights are controlled within the group and consolidated financial statements in which ATA Grinding Processes Limited are included are publicly available.

2. TURNOVER

Turnover represents the value of invoiced sales during the year, net of discounts, and VAT.

The activities of the company are not sufficiently dissimilar that an analysis by activity or market would be meaningful.

3. INTEREST PAYABLE AND SIMILAR CHARGES	2004	2003
	£	£
Interest on :		
Bank overdraft	2,971	-
Hire purchase contracts	3,610	3,155
	=====	=====
4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	2004	2003
	£	£
This is stated after charging :		
Depreciation	21,497	21,202
Auditors' remuneration	9,900	9,465
Rentals under operating leases - property	27,450	34,650
	=====	=====
5. INFORMATION REGARDING DIRECTORS	2004	2003
	£	£
(a) Directors' Emoluments :		
Remuneration	22,976	36,438
Pension	2,050	4,925
	-----	-----
	25,026	41,363
	=====	=====

W S Wilson , P R B Agnew and B H Lemond are also directors of PCT Group Ltd. and their emoluments are disclosed in the accounts of that company.

One director was a member of a defined contribution pension scheme during the year (2003 : 1).

(b) Transactions with related parties :

As a wholly-owned subsidiary, the company has taken advantage of the exemption in FRS 8 from disclosure of intra- group transactions eliminated within the consolidation of Oakenash Group Ltd. and PCT Group Ltd.

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

6. EMPLOYEES	2004 £	2003 £
Staff costs during the year amounted to :		
Wages and salaries	684,978	834,976
Social security costs	71,344	82,850
Other pension costs	13,473	14,318
	<u>769,795</u>	<u>932,144</u>
	=====	=====

Payments to the Group defined contribution pension scheme are set out above.

The average number of persons employed was :	Number	Number
Administration and distribution	4	6
Selling	19	27
	<u>23</u>	<u>33</u>
	===	===

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES	2004 £	2003 £
Charge for the period	117,647	154,498
Adjustment in respect of prior years	723	-
	<u>118,370</u>	<u>154,498</u>
	=====	=====
Profit on ordinary activities before tax	379,310	499,821
Profit on ordinary activities multiplied by standard rate of corporation tax (30%)	113,793	149,946
Effect of:		
Expenses not deductible for tax purposes	2,429	5,625
Depreciation for the period in excess of capital allowances	(1,361)	(1,073)
Other short term timing differences	2,786	-
Adjustments to tax charges in respect of prior periods	723	-
	<u>118,370</u>	<u>154,498</u>
	=====	=====
Current charge for period		

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

8. TANGIBLE FIXED ASSETS

	Plant Equipment & fittings £	Motor Vehicles £	Total £
Cost			
At 31st December 2003	376,036	90,400	466,436
Additions	5,877	-	5,877
Disposals	-	(29,766)	(29,766)
	<hr/>	<hr/>	<hr/>
At 31st December 2004	381,913	60,634	442,547
	<hr/>	<hr/>	<hr/>
Depreciation			
At 31st December 2003	307,476	85,370	392,846
Charge for year	17,537	3,960	21,497
Disposals	-	(29,766)	(29,766)
	<hr/>	<hr/>	<hr/>
At 31st December 2004	325,013	59,564	384,577
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31st December 2004	56,900	1,070	57,970
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31st December 2003	68,560	5,030	73,590
	<hr/>	<hr/>	<hr/>

The figures stated above include assets held under finance leases and similar hire purchase contracts as follows :

	Motor Vehicles £	Total £
Net book amount at 31st December 2004	-	-
Net book amount at 31st December 2003	5,030	5,030
Depreciation provided during the year	-	-

9. STOCKS

	2004 £	2003 £
Finished goods and goods for resale	798,372	984,052
Spares stock	347,789	286,588
	<hr/>	<hr/>
	1,146,161	1,270,640
	<hr/>	<hr/>

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

10. DEBTORS	2004 £	2003 £
Trade debtors	1,103,990	821,574
Prepayments	12,600	16,380
Other debtors	16,533	6,151
	<u>1,133,123</u>	<u>844,105</u>
	=====	=====

11. CREDITORS	2004 £	2003 £
Amounts falling due within one year		
Trade creditors	249,279	205,472
Corporation tax	33,319	154,498
Other taxes and social security	159,158	144,992
Hire purchase and finance lease liabilities	-	1,595
Accruals	91,331	63,013
Other creditors	2,409	299
Group Undertakings	3,026,485	1,845,562
	<u>3,561,981</u>	<u>2,415,431</u>
	=====	=====

Amounts falling due after more than one year :		
Group Undertakings	1,483,388	1,483,388
	<u>1,483,388</u>	<u>1,483,388</u>
	=====	=====

All lease and hire purchase liabilities are secured over the assets to which they relate.

12. HIRE PURCHASE AND LEASE LIABILITIES	2004 £	2003 £
Obligations under hire purchase and finance lease agreements	-	1,595
Less: Amounts falling due within one year	-	1,595
	<u>-</u>	<u>-</u>
Amounts due within two to five years	-	-
	=====	=====

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

13. CALLED UP SHARE CAPITAL	2004	2003
	£	£
Authorised , allotted and fully paid		
5000 Ordinary Shares of £1 each	5,000	5,000
5000 6% non cumulative preference shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>
	=====	=====
 14. PROFIT AND LOSS ACCOUNT		£
Balance at 31st December 2003		6,034,665
Profit retained for the year		260,940
Balance at 31st December 2004		<u>6,295,605</u>
		=====
 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2004	2003
	£	£
Opening equity shareholders' funds	6,039,665	5,694,342
Profit for the financial year	<u>260,940</u>	<u>345,323</u>
Closing equity shareholders' funds	<u>6,300,605</u>	<u>6,039,665</u>
Opening non equity shareholders' funds	<u>5,000</u>	<u>5,000</u>
Closing non equity shareholders' funds	<u>5,000</u>	<u>5,000</u>
Closing shareholders' funds	<u>6,305,605</u>	<u>6,044,665</u>
	=====	=====

The preference shares totalling £5,000 are non equity. These non equity shares carry differing rights from those attaching to the ordinary shares.

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

16. OPERATING LEASE COMMITMENTS

At 31 December 2004 the company was committed to making the following payments during the next year in respect of operating leases :

	2004 £	Other 2003 £
Leases which expire :		
within one year	12,525	12,525
within 2 to 5 years	12,251	17,991
	<u>24,776</u>	<u>30,516</u>
	=====	=====

17. CONTINGENT LIABILITIES

The company has cross guaranteed bank loans and overdrafts of its parent company and fellow subsidiaries to the extent of £14,186,993 at 31 December 2004 (2003 - £4,895,029).

18. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of PCT Group Ltd., a company incorporated in Great Britain and registered in Scotland, which was the company's parent company at 31 December 2004, and which prepares consolidated accounts filed with the Registrar.

The ultimate parent company at 31 December 2004 was Oakenash Group Ltd., a company incorporated in Great Britain and registered in Scotland.

The smallest group of undertakings for which group accounts have been drawn up is headed by Pct Group Ltd. The largest group of undertakings for which group accounts have been drawn up is headed by Oakenash Group Ltd. Copies of the accounts of PCT Group Ltd. and Oakenash Group Ltd. can be obtained from 37 Dalsetter Avenue, Glasgow, G15 8TE.