

**Gerhardt Limited**

**Directors' report and financial  
statements**

**Registered number 01243373**

**31 December 2009**

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## **Company information**

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | K Damberg<br>CJ Green<br>J Park<br>PR Murdoch                      |
| <b>Secretary</b>         | J Park   |
| <b>Company number</b>    | 01243373   |
| <b>Registered office</b> | Trent Lane<br>Castle Donington<br>Derby<br>DE74 2NP                |
| <b>Auditors</b>          | KPMG LLP<br>St Nicholas House<br>Park Row<br>Nottingham<br>NG1 6FQ |
| <b>Bankers</b>           | Royal Bank of Scotland Plc<br>41 Cornmarket<br>Derby<br>DE1 2DG    |

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 December 2009

### **Principal activities**

The company's principal activity continues to be the manufacture and distribution of flexible dies, solid rotary dies and engraved ruled cutters

### **Business review**

During the year the company continued to focus on improving efficiency and restructured its activities. This included the closure of the company's London site as detailed in note 6 to the financial statements

During the year the company's ultimate parent undertaking, Amagerbanken Aktieselskab agreed that £6,074,079 of debt would be assigned to the company's immediate parent undertaking, GI Holdings A/S. Following this assignment, GI Holdings A/S waived £3,158,521 of the debt by way of a capital contribution and converted £2,915,558 of the debt to ordinary share capital

The results for the year are set out in the attached profit and loss account

### **Dividends**

The directors declared a dividend of £nil during the year (2008: £nil)

### **Directors**

The following directors served during the year

K Darnberg

CJ Green

J Park

PR Murdoch

M Diggie (resigned 6 February 2009)

The company is a wholly owned subsidiary of GI Holdings A/S, a company incorporated in Denmark

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



**J Park**  
*Director*

Trent Lane  
Castle Donington  
Derby  
DE74 2NP

21 April 2010

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



## **Independent auditors' report to the members of Gerhardt Limited**

We have audited the financial statements of Gerhardt Limited for the year ended 31 December 2009 set out on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

**T M Widdas** (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
St Nicholas House  
Park Row  
Nottingham NG1 6FQ

21 April 2010

**Profit and loss account**  
*for the year ended 31 December 2009*

|  | <i>Note</i> | 2009<br>£   | 2008<br>£   |
|--|-------------|-------------|-------------|
| <b>Turnover</b>                                    | 2           | 7,585,396   | 8,352,209   |
| Cost of sales                                      |             | (4,425,782) | (5,317,309) |
| <b>Gross profit</b>                                |             | 3,159,614   | 3,034,900   |
| Selling and distribution costs                     |             | (1,542,204) | (1,337,372) |
| Administrative expenses                            |             | (1,973,746) | (1,462,814) |
| <b>Operating (loss)/profit</b>                     | 3           | (356,336)   | 234,714     |
| Exceptional items                                  | 6           | (493,785)   | (2,545,430) |
| <b>Loss on ordinary activities before interest</b> |             | (850,121)   | (2,310,716) |
| Interest receivable                                | 7           | -           | 50,879      |
| Interest payable                                   | 8           | (637,146)   | (325,754)   |
| <b>Loss on ordinary activities before taxation</b> |             | (1,487,267) | (2,585,591) |
| Taxation   | 9           | 503,499     | (100,689)   |
| <b>Loss for the year</b>                           | 19          | (983,768)   | (2,686,280) |

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations

**Statement of total recognised gains and losses**  
*for the year ended 31 December 2009*

|   | <i>Note</i> | 2009<br>£        | 2008<br>£          |
|---|-------------|------------------|--------------------|
| Loss for the financial year                               | 20          | (983,768)        | (2,686,280)        |
| Unrealised loss on revaluation of fixed asset investments | 20          | -                | (2,251)            |
| Total recognised gains and losses relating to the year    |             | <u>(983,768)</u> | <u>(2,688,531)</u> |

**Note of historical cost profits and losses**  
*for the year ended 31 December 2009*

|   |    | 2009<br>£          | 2008<br>£          |
|---|----|--------------------|--------------------|
| Reported loss on ordinary activities before taxation  |    | (1,487,267)        | (2,585,591)        |
| Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 19 | 1,668              | 1,668              |
| Historical cost loss on ordinary activities before taxation   |    | <u>(1,485,599)</u> | <u>(2,583,923)</u> |
| Historical loss for the year retained after taxation  |    | <u>(982,100)</u>   | <u>(2,684,612)</u> |

**Balance sheet**  
*as at 31 December 2009*

|   | Note | 2009               | 2008                |
|---|------|--------------------|---------------------|
|   |      | £                  | £                   |
| <b>Fixed assets</b>   |      |                    |                     |
| Intangible assets   | 10   | 78,731             | -                   |
| Tangible assets   | 11   | 3,297,873          | 3,697,467           |
| Fixed asset investments                                       | 12   | 8,059,162          | 7,680,850           |
|   |      | <u>11,435,766</u>  | <u>11,378,317</u>   |
| <b>Current assets</b>   |      |                    |                     |
| Stocks  | 13   | 204,014            | 247,248             |
| Debtors - due within one year                                 | 14   | 1,506,698          | 1,923,958           |
| - due after more than one year                                | 14   | 1,559,152          | 1,312,095           |
|   |      | <u>3,065,850</u>   | <u>3,236,053</u>    |
| Cash at bank and in hand                                      |      | 42,077             | -                   |
|   |      | <u>3,311,941</u>   | <u>3,483,301</u>    |
| <b>Creditors</b> amounts falling due within one year          | 15   | (10,302,010)       | (15,257,410)        |
| <b>Net current liabilities</b>                                |      | <u>(6,990,069)</u> | <u>(11,774,109)</u> |
| <b>Total assets less current liabilities</b>                  |      | <u>4,445,697</u>   | <u>(395,792)</u>    |
| <b>Creditors</b> amounts falling due after more than one year | 16   | (449,857)          | (393,615)           |
| <b>Provisions for liabilities and charges</b>                 | 17   | -                  | (305,064)           |
| <b>Net assets/(liabilities)</b>                               |      | <u>3,995,840</u>   | <u>(1,094,471)</u>  |
| <b>Capital and reserves</b>                                   |      |                    |                     |
| Called up share capital                                       | 18   | 2,965,558          | 50,000              |
| Revaluation reserve   | 19   | 504,958            | 506,626             |
| Profit and loss account                                       | 19   | 525,324            | (1,651,097)         |
| <b>Equity shareholders' funds/(deficit)</b>                   | 20   | <u>3,995,840</u>   | <u>(1,094,471)</u>  |

These financial statements were approved by the board of directors on 21 April 2010 and were signed on its behalf by



**J Park**  
Director

Registered number 01243373

## Notes

*(forming part of the financial statements)*

### **1 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 preparation***

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of s400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group

#### ***Going concern***

These financial statements have been prepared on a going concern basis notwithstanding net current liabilities of £6,990,069 as the company has obtained confirmation that its ultimate parent company will provide support such that the company can continue to meet its liabilities as they fall due for the foreseeable future and for at least 12 months from the date of the approval of these financial statements. Based on their enquiries made of the directors of their ultimate parent company, the directors have a reasonable expectation that the ultimate parent company will be forthcoming in providing support should it be required in the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

#### ***Cash flow statement***

The company has taken advantage of the exemptions available under FRS 1 (Revised 1996) 'Cash flow statements' and has not presented a cash flow statement within the financial statements. The consolidated group financial statements of GI Holdings A/S, the company's immediate controlling party, which include the results of this company are publicly available from the Danish Commerce and Companies Agency

#### ***Turnover***

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of value added tax and trade discounts

#### ***Intangible fixed assets - development costs***

The costs of specific development activity directly related to products which are expected to give rise to an economic benefit, and have a useful life of several years, are capitalised and amortised on a straight line basis over the useful life of those products

#### ***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value on a straight line basis, over their expected useful lives as follows

|                       |            |
|-----------------------|------------|
| Freehold property     | - 50 years |
| Plant and machinery   | - 10 years |
| Motor vehicles        | - 4 years  |
| Fixtures and fittings | - 10 years |
| Computer equipment    | - 5 years  |

#### ***Revaluation of tangible fixed assets***

As permitted by the transitional provisions of FRS 15 'Tangible fixed assets' the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued in 1989 and will not update that valuation

## Notes (continued)

### 1 Accounting policies (continued)

#### **Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### **Operating leases**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

#### **Deferred taxation**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are only recognised to the extent that they are considered to be recoverable in the foreseeable future.

#### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date. Exchange differences are recognised in the profit and loss account.

#### **Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

#### **Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

#### **Fixed assets investments**

Fixed asset investments are valued at fair value as at the balance sheet date. Any gain is transferred to the revaluation reserve and any loss is recognised in the profit and loss account except to the extent that the loss reverses gains previously recognised, in which case the loss is first allocated to the revaluation reserve.

## Notes (continued)

### 2 Turnover

The whole of the turnover is attributable to the one principal activity of the company being the manufacture and distribution of engraved ruled cutters, cyrel plates and thin plate dies

|  | 2009<br>£        | 2008<br>£        |
|--|------------------|------------------|
| <i>Geographical analysis of turnover</i> |                  |                  |
| UK                                       | 2,392,508        | 3,688,320        |
| Other EU                                 | 4,207,591        | 3,958,802        |
| Rest of world                            | 985,297          | 705,087          |
|  | <u>7,585,396</u> | <u>8,352,209</u> |

### 3 Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting)

|   | 2009<br>£                   | 2008<br>£                   |
|---|-----------------------------|-----------------------------|
| Depreciation of tangible fixed assets - owned | 321,524                     | 318,562                     |
| - leased                                      | 126,731                     | 126,730                     |
| Operating lease rentals - plant and machinery | 6,383                       | 27,348                      |
| Exchange loss/ (gain)                         | 163,403                     | (480,344)                   |
| Loss/(profit) on disposal of fixed assets     | 37,584                      | 7,539                       |
| <i>Auditors' remuneration</i>                 |                             |                             |
| - audit of these financial statements         | 19,050                      | 22,415                      |
| - other services relating to taxation         | 4,248                       | 4,124                       |
|   | <u>                    </u> | <u>                    </u> |

### 4 Staff costs

|                                       | 2009<br>£        | 2008<br>£        |
|---------------------------------------|------------------|------------------|
| <i>Salaries wages and other costs</i> |                  |                  |
| Wages and salaries                    | 1,867,624        | 2,603,359        |
| Social security costs                 | 197,386          | 252,733          |
| Other pension costs                   | 26,840           | 20,451           |
| Other staff costs                     | 59,768           | -                |
|                                       | <u>2,151,618</u> | <u>2,876,543</u> |

*The average monthly number of employees (including directors) during the year was as follows*

|                                      | Number    | Number    |
|--------------------------------------|-----------|-----------|
| Office and management                | 3         | 6         |
| Selling, distribution and production | 71        | 91        |
|                                      | <u>74</u> | <u>97</u> |

## Notes (continued)

### 5 Remuneration of directors

|            | 2009<br>£      | 2008<br>£      |
|------------|----------------|----------------|
| Emoluments | 217,186        | 270,230        |
| Pension    | 8,524          | 13,511         |
|            | <u>225,710</u> | <u>283,741</u> |

During the year, retirement benefits were accruing to four directors (2008 *four*) in respect of money purchase pension schemes

|  | 2009<br>£     | 2008<br>£     |
|--|---------------|---------------|
| <i>Remuneration of highest paid director</i> |               |               |
| Emoluments                                   | 79,048        | 63,333        |
| Pension                                      | 2,488         | 3,166         |
|  | <u>81,536</u> | <u>66,499</u> |

### 6 Exceptional item

|                                    | 2009<br>£      | 2008<br>£        |
|------------------------------------|----------------|------------------|
| Redundancy and restructuring costs | 493,785        | -                |
| Impairment of investments          | -              | 2,545,430        |
|                                    | <u>493,785</u> | <u>2,545,430</u> |

During the year production at the company's London site ceased and the site was closed. The above costs were incurred in respect of redundancy and restructuring as a result of this.

During the prior year an impairment charge was recognised to reflect a reassessment of the recoverable amount of investments.

### 7 Interest receivable

|  | 2009<br>£ | 2008<br>£     |
|--|-----------|---------------|
| Interest receivable from group companies | -         | 50,879        |
|  | <u>-</u>  | <u>50,879</u> |

**Notes** *(continued)*

**8 Interest payable**

|   | 2009<br>£      | 2008<br>£      |
|---|----------------|----------------|
| On bank loans and overdrafts                  | 496,806        | 268,450        |
| On other loans                                | 85,966         | 9,379          |
| On finance leases and hire purchase contracts | 26,465         | 45,049         |
| Other interest payable                        | 27,909         | 2,876          |
|   | <u>637,146</u> | <u>325,754</u> |

**9 Tax on loss on ordinary activities**

*(a) Analysis of charge/(credit) in the year.*

|  | 2009<br>£        | 2008<br>£       |
|--|------------------|-----------------|
| <i>Current tax</i>                             |                  |                 |
| UK Corporation tax (credit)/charge             | -                | -               |
|  | <u>-</u>         | <u>-</u>        |
| Total current tax                              | -                | -               |
| Receipt for group relief surrendered           | -                | (21,138)        |
|  | <u>-</u>         | <u>(21,138)</u> |
| Total  | -                | (21,138)        |
| <i>Deferred tax</i>                            |                  |                 |
| Origination and reversal of timing differences | (503,499)        | 119,337         |
| Adjustment with respect to prior year          | -                | 2,490           |
|  | <u>(503,499)</u> | <u>121,827</u>  |
| Total  | (503,499)        | 121,827         |
|  | <u>(503,499)</u> | <u>100,689</u>  |
| <b>Tax on loss on ordinary activities</b>      | <u>(503,499)</u> | <u>100,689</u>  |

*(b) Factors affecting the tax charge for the year.*

The current tax charge is lower (2008 higher) than the standard rate of corporation tax in the UK of 28% (2008 29%). The differences are explained below

|   | £                  | £                  |
|---|--------------------|--------------------|
| <i>Current tax reconciliation</i>                           |                    |                    |
| Loss on ordinary activities before tax                      | (1,487,267)        | (2,585,591)        |
|   | <u>(1,487,267)</u> | <u>(2,585,591)</u> |
| Current tax at 28% (2008 29%)                               | (416,435)          | (749,821)          |
|   | <u>(416,435)</u>   | <u>(749,821)</u>   |
| <i>Effects of</i>   |                    |                    |
| Expenses not deductible for tax purposes                    | 36,496             | 719,820            |
| Depreciation for the period in excess of capital allowances | 27,861             | 7,881              |
| Loss carried forward  | 352,078            | 982                |
|   | <u>396,435</u>     | <u>728,683</u>     |
| Total current tax credit                                    | -                  | (21,138)           |
|   | <u>-</u>           | <u>(21,138)</u>    |

**Notes** *(continued)*

**9 Tax on loss on ordinary activities** *(continued)*

**(c) Factors that may affect future tax charges**

There were no factors that may affect future tax charges

**10 Intangible fixed assets**

|                                 | <b>Development<br/>costs<br/>£</b> |
|---------------------------------|------------------------------------|
| <i>Cost or valuation</i>        |                                    |
| At 1 January 2009               | -                                  |
| Additions                       | 78,731                             |
|                                 | <hr/>                              |
| At 31 December 2009             | 78,731                             |
|                                 | <hr/>                              |
| <i>Accumulated amortisation</i> |                                    |
| At 1 January 2009               | -                                  |
| Charge for the year             | -                                  |
|                                 | <hr/>                              |
| At 31 December 2009             | -                                  |
|                                 | <hr/>                              |
| <i>Net book value</i>           |                                    |
| At 31 December 2009             | 78,731                             |
|                                 | <hr/>                              |
| At 31 December 2008             | -                                  |
|                                 | <hr/>                              |

Capitalised development costs are not treated as a realised loss for the purpose of determining the company's distributable profits as, in the directors' opinion, it is an asset that will result in future economic benefits arising from increased revenue and related profits

## Notes (continued)

### 11 Tangible fixed assets

|                                 | Land and<br>buildings<br>£ | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Furniture,<br>fittings and<br>equipment<br>£ | Total<br>£ |
|---------------------------------|----------------------------|-----------------------------|------------------------|--|------------|
| <b>Cost or valuation</b>        |                            |                             |                        |  |            |
| At 1 January 2009               | 1,594,370                  | 6,489,580                   | 20,736                 | 707,984                                      | 8,812,670  |
| Additions                       | 3,190                      | 52,985                      | -                      | 6,333  | 62,508     |
| Disposals                       | (11,336)                   | (32,891)                    | -                      | -  | (44,227)   |
| At 31 December 2009             | 1,586,224                  | 6,509,674                   | 20,736                 | 714,317                                      | 8,830,951  |
| <b>Accumulated depreciation</b> |                            |                             |                        |  |            |
| At 1 January 2009               | 338,064                    | 4,083,155                   | 15,982                 | 678,002                                      | 5,115,203  |
| Provided for the year           | 43,678                     | 391,919                     | 4,754                  | 7,904  | 448,255    |
| Disposals                       | (4,726)                    | (25,654)                    | -                      | -  | (30,380)   |
| At 31 December 2009             | 377,016                    | 4,449,420                   | 20,736                 | 685,906                                      | 5,533,078  |
| <b>Net book value</b>           |                            |                             |                        |  |            |
| At 31 December 2009             | 1,209,208                  | 2,060,254                   | -                      | 28,411                                       | 3,297,873  |
| At 31 December 2008             | 1,256,306                  | 2,406,425                   | 4,754                  | 29,982                                       | 3,697,467  |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

|                     | 2009<br>£ | 2008<br>£ |
|---------------------|-----------|-----------|
| Plant and machinery | 401,701   | 528,432   |

Depreciation charged on these assets during the year amounted to £126,731 (2008 £126,730)

Included in land and buildings is freehold land at valuation of £94,200 (2008 £94,200) which is not depreciated

If land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

|                          | 2009<br>£ | 2008<br>£ |
|--------------------------|-----------|-----------|
| Cost                     | 1,087,656 | 1,086,466 |
| Accumulated depreciation | (477,862) | (435,852) |
| Net book value           | 611,794   | 650,614   |

## Notes (continued)

### 12 Fixed asset investments

|                          | Shares in group undertakings |                  |
|--------------------------|------------------------------|------------------|
|                          | 2009<br>£                    | 2008<br>£        |
| <i>Cost or valuation</i> |                              |                  |
| At 1 January             | 7,680,850                    | 460,583          |
| Additions                | 378,312                      | 9,767,948        |
| Revaluations             | -                            | (2,251)          |
| Impairment (note 6)      | -                            | (2,545,430)      |
| <b>At 31 December</b>    | <b>8,059,162</b>             | <b>7,680,850</b> |

The additions during the year relate to a capital increase in Gerhardt USA Inc, a wholly owned subsidiary undertaking

#### *Subsidiary undertakings*

The company has the following subsidiary undertakings,

| Subsidiary undertaking               | Country of registration | Holding         | Proportion held |
|--------------------------------------|-------------------------|-----------------|-----------------|
| Falcontec Ltd                        | England & Wales         | Ordinary shares | 75%             |
| Gerhardt USA Inc                     | USA                     | Ordinary shares | 100%            |
| Gerhardt Australia PTY Ltd           | Australia               | Ordinary shares | 100%            |
| Rotary Tooling Beheermaatschappij BV | Holland                 | Ordinary shares | 100%            |
| Gerhardt International A/S           | Denmark                 | Ordinary shares | 100%            |
| Gerhardt Italia Srl                  | Italy                   | Ordinary shares | 51%             |

### 13 Stocks

|                  | 2009<br>£      | 2008<br>£      |
|------------------|----------------|----------------|
| Raw materials    | 163,660        | 234,816        |
| Work in progress | 12,432         | 12,432         |
| Finished goods   | 27,922         | -              |
|                  | <b>204,014</b> | <b>247,248</b> |

## Notes (continued)

### 14 Debtors

|   | 2009<br>£        | 2008<br>£        |
|---|------------------|------------------|
| <i>Amounts falling due within one year</i>  |                  |                  |
| Trade debtors                               | 817,943          | 1,173,020        |
| Amounts owed by group undertakings          | 260,354          | 595,920          |
| Other debtors                               | 163,739          | 48,037           |
| Prepayments and accrued income              | 66,227           | 106,981          |
| Deferred tax asset (note 17)                | 198,435          | -                |
| <i>Amounts due after more than one year</i> |                  |                  |
| Amounts owed by group undertakings          | 1,559,152        | 1,312,095        |
|   | <u>3,065,850</u> | <u>3,236,053</u> |

### 15 Creditors: amounts falling due within one year

|  | 2009<br>£         | 2008<br>£         |
|--|-------------------|-------------------|
| Bank loans and overdrafts  | 9,064,739         | 13,316,105        |
| Net obligations under finance leases and hire purchase contracts | 214,430           | 258,229           |
| Trade creditors  | 598,062           | 645,604           |
| Amounts owed to group undertakings                               | -                 | 337,868           |
| Other taxation and social security                               | 176,439           | 388,185           |
| Accruals and deferred income                                     | 248,340           | 311,419           |
|  | <u>10,302,010</u> | <u>15,257,410</u> |

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

|  | 2009<br>£      | 2008<br>£      |
|--|----------------|----------------|
| Net obligations under finance leases and hire purchase contracts | 51,252         | 265,681        |
| Amounts owed to group undertakings                               | 398,605        | 127,934        |
|  | <u>449,857</u> | <u>393,615</u> |

The bank loans are provided by Amagerbanken Aktieselskab, the company's ultimate parent company, and have been classified as due in less than one year as the Bank has the right to review the facility within 12 months of the balance sheet date. However, as set out in note 1, Amagerbanken Aktieselskab has provided confirmation that it will continue to provide financial support to the company for at least 12 months from the date of approval of these financial statements.

At the year end, bank loans and overdrafts of £9,064,739 are secured by a first fixed and floating charge on all the assets of the company. Interest is payable at a rate of 2.50% above the Bank's standard lending rate.

At 31 December 2008, bank loans of £12,778,147 were secured by a first fixed and floating charge on all assets of the company apart from trade debtors and bank overdrafts of £537,958 were secured by a first charge over trade debtors of the company.

## Notes (continued)

### 16 Creditors' amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

|                             | 2009<br>£      | 2008<br>£      |
|-----------------------------|----------------|----------------|
| Due in less than one year   | 214,430        | 258,229        |
| Due in two to five years    | 51,252         | 265,681        |
| Due in more than five years | -              | -              |
|                             | <u>265,682</u> | <u>523,910</u> |

### 17 Provisions for liabilities and charges - deferred taxation

|                                | 2009<br>£        | 2008<br>£      |
|--------------------------------|------------------|----------------|
| At 1 January                   | 305,064          | 183,237        |
| (Released)/charged in the year | (503,499)        | 121,827        |
|                                | <u>(198,435)</u> | <u>305,064</u> |
| At 31 December                 | <u>(198,435)</u> | <u>305,064</u> |

The elements of deferred taxation are as follows

|                                | 2009<br>£        | 2008<br>£      |
|--------------------------------|------------------|----------------|
| Accelerated capital allowances | 173,273          | 305,064        |
| Losses carried forward         | (371,708)        | -              |
|                                | <u>(198,435)</u> | <u>305,064</u> |
| Deferred tax (asset)/liability | <u>(198,435)</u> | <u>305,064</u> |

In accordance with FRS 19 the company does not provide for deferred taxation on the revaluation of investments as there is no intention to sell these assets in the foreseeable future

Deferred tax on losses carried forward of £nil (2008 £19,630) have not been recognised

### 18 Called up share capital

|  | £                |
|--|------------------|
| <i>Authorised, allotted, called up and fully paid</i>    |                  |
| At 1 January 2009 50,000 ordinary shares of £1 each      | 50,000           |
| Loan capitalisation (note 19)                            | 2,915,558        |
|  | <u>2,965,558</u> |
| At 31 December 2009 2,965,558 ordinary shares of £1 each | <u>2,965,558</u> |

## Notes (continued)

### 19 Reserves

|                            | Revaluation<br>reserve<br>£ | Profit and<br>loss account<br>£ |
|----------------------------|-----------------------------|---------------------------------|
| At 1 January 2009          | 506,626                     | (1,651,097)                     |
| Loss for the year          | -                           | (983,768)                       |
| Capital contribution       | -                           | 3,158,521                       |
| Transfer between reserves  | (1,668)                     | 1,668                           |
|                            | <hr/>                       | <hr/>                           |
| <b>At 31 December 2009</b> | <b>504,958</b>              | <b>525,324</b>                  |
|                            | <hr/>                       | <hr/>                           |

During the year the company's ultimate parent undertaking, Amagerbanken Aktieselskab agreed that £6,074,079 of debt would be assigned to the company's immediate parent undertaking, GI Holdings A/S. Following this assignment, GI Holdings A/S waived £3,158,521 of the debt by way of a capital contribution and converted £2,915,558 of the debt to ordinary share capital.

### 20 Reconciliation of movements in shareholders' funds/(deficit)

|   | 2009<br>£   | 2008<br>£   |
|---|-------------|-------------|
| Loss for the financial year                       | (983,768)   | (2,686,280) |
| Loan capitalisation                               | 2,915,558   | -           |
| Capital contribution                              | 3,158,521   | -           |
| Other recognised gains and losses during the year | -           | (2,251)     |
|   | <hr/>       | <hr/>       |
| Net movement in shareholders' funds/(deficit)     | 5,090,311   | (2,688,531) |
| Opening shareholders' (deficit)/funds             | (1,094,471) | 1,594,060   |
|   | <hr/>       | <hr/>       |
| Closing shareholders' funds/(deficit)             | 3,995,840   | (1,094,471) |
|   | <hr/>       | <hr/>       |

### 21 Contingent liabilities

During the year, the company provided its bankers with a cross guarantee as security for the bank indebtedness of its subsidiary undertakings. At 31 December 2009, the contingent liability in respect of subsidiary undertakings amounted to £8,211,399 (2008 £14,306,379).

### 22 Capital commitments

At 31 December 2009, the company had no contracted capital commitments (2008 £nil).

### 23 Pension commitments

The company operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the company to the fund and amounted to £26,840 (2008 £20,451).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## Notes (continued)

### 24 Operating lease commitments

At 31 December 2009, the company had annual commitments under non-cancellable operating leases as follows

|                            | 2009         | 2008         |
|----------------------------|--------------|--------------|
|                            | £            | £            |
| <i>Expiry date</i>         |              |              |
| Less than one year         | -            | 4,926        |
| Between two and five years | 1,457        | 1,457        |
|                            | <u>1,457</u> | <u>1,457</u> |

### 25 Related party transactions

The company has taken advantage of the exemption conferred by FRS 8 not to disclose related party transactions, on the basis that these are included in the publicly available consolidated financial statements of its ultimate parent undertaking, Amagerbanken Aktieselskab. Amagerbanken Aktieselskab also provides the company with its banking facilities.

### 26 Ultimate parent company

The company's immediate parent undertaking is GI Holding A/S a company incorporated in Denmark.

The company's ultimate parent undertaking and controlling party is Amagerbanken Aktieselskab, a company incorporated in Denmark. The consolidated financial statements of this company are available from the Danish Commerce and Companies Agency.