

ATB Laurence Scott Limited

Report and Financial Statements

Year Ended

31 December 2008

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BDO Stoy Hayward
Chartered Accountants

ATB Laurence Scott Limited

**Annual report and financial statements
for the year ended 31 December 2008**

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Directors

P A Kellett
I D Lomax
S Kolowiecki
B M Scales
D Harvey
I Atkins
I R Walker

Secretary and registered office

A Fox, Troy Works, Ruskin Street, Stanningley, Leeds, LS28 6QA

Company number

6241009

Auditors

BDO Stoy Hayward LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

Bankers

Barclays Bank Plc, Colmore Row, Birmingham, B3 2BH

ATB Laurence Scott Limited

Report of the directors for the year ended 31 December 2008

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

Principal activities, review of business and future developments

The company's principal activity is the development and manufacture of large high voltage electric motors, principally for the oil and gas and the power generation industries.

The 2008 financial statements reflect an improved result over the seven months of operations as detailed in the comparative figures.

This improvement was partially achieved by continuing to optimise production processes, to eliminate late delivery to customers. This is confirmed in the "On Time Delivery" key performance indicator, which improved from less than 15% in 2007 to 90% in 2008. Noteworthy within this indicator was that 100% on time delivery was achieved for eight of the twelve months, with five of these being the last five months of the year.

The company's high level of design capability contained in its intellectual property, combined with the optimised production processes mentioned above, ensure that its products continue to be well received in the market. 2008 marked the return of the company as a reliable OEM supplier to all the major pump and compressor suppliers in the markets we serve, as confidence in our capability was restored through solid performance.

The average monthly turnover improved by 16% over the previous period and order intake was strong. As at 28 February 2009, 88% of the 2009 budgeted turnover has been secured, which is particularly encouraging when combined with the improvement in the on time delivery performance.

Gross profit was maintained at 28%, whilst operating profit improved from 8% to 12% for 2008 and confirms the company's commitment to contain overhead costs. Noteworthy within administrative expenses is the £1.1million charge in respect of the amortisation of goodwill.

Working capital increased from £1.1million to £4.3million. This substantial increase resulted from a £2million increase in debtors combined with a £1.4million reduction in short term liabilities. Key performance indicators in this area are as follows:

	Year ended 31 December 2008 £	Period ended 31 December 2007 £
Average age of receivables outstanding (days)	49	45
Days payables outstanding	55	96
Inventory turn (times per year)	2.8	2.5

The increase in debtors is mostly attributable to the increased activity in the business. Milestones within the sales contracts, drive outstanding receivables in the project motor business, hence the "Days Sales Outstanding" key performance indicator is not appropriate, and the "average age of receivables outstanding" is more meaningful.

ATB Laurence Scott Limited

Report of the directors for the year ended 31 December 2008 (*continued*)

The Directors approved capital expenditure of £2.4million during 2007, for a capacity upgrade, which focuses on the testing facilities. £0.5million of this was spent during 2008, with the balance expected to be spent during 2009. The facility is planned to be completed in late 2009 or early 2010 and is planned to be funded from internal sources, but may be sourced externally should Management consider that appropriate.

The business has been funded from cash generated from operations and from the holding company, with no external funding required.

Principal risks and uncertainties

The management of the business and execution of the company's strategy is subject to a number of risks. These risks are set out below:

Market Risk

Our principal channel to the market is via the Oil and Gas and power generation sectors of the energy market, as an original equipment manufacturer supplying equipment for capital projects. The viability of these projects is dependant upon long-term demand for energy, which is expected to continue to grow for the foreseeable future.

Financial Risk

The company's financial risk comprises foreign currency risk and credit risk.

Foreign Currency Risk

The company buys and sells goods in foreign currencies and is therefore exposed to fluctuations in the valuation of these currencies against Sterling. The company employs hedge strategies to mitigate this risk by maintaining foreign currency accounts and to buy or sell forward foreign currency to cover foreign assets or liabilities as appropriate.

Credit Risk

The company has insurance cover in place to indemnify against any of its significant receivables becoming uncollectible.

Manufacturing Facility

Operations are performed from premises, which are the subject of a lease, expiring on 26th March 2011. The company is currently in the process of finalising agreements for its manufacturing facility beyond this date.

Directors

The directors of the company during the year were:

P A Kellett
I D Lomax
S Kolowiecki
B M Scales (appointed 1 April 2008)
D Harvey (appointed 1 April 2008)
I Atkins (appointed 1 April 2008)
I R Walker (appointed 1 April 2008)

ATB Laurence Scott Limited

Report of the directors for the year ended 31 December 2008 (continued)

Directors' responsibilities

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

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;
- state whether applicable 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 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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

I R Walker



Director

Date:

15th April 2009

ATB Laurence Scott Limited

Independent auditor's report

To the shareholders of ATB Laurence Scott Limited

We have audited the financial statements of ATB Laurence Scott Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

ATB Laurence Scott Limited

Independent auditor's report (*continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
Leeds

20 April 2009

ATB Laurence Scott Limited

Profit and loss account for the year ended 31 December 2008

	Note	Year ended 31 December 2008 £	Period ended 31 December 2007 £
Turnover	2	21,094,593	10,638,504
Cost of sales		15,162,271	7,581,773
Gross profit		5,932,322	3,056,731
Distribution costs		650,001	287,403
Administrative expenses		2,824,173	1,876,554
Operating profit	3	2,458,148	892,774
Other interest receivable and similar income		2,091	-
Interest payable and similar charges	5	(153,000)	(71,000)
Profit on ordinary activities before taxation		2,307,239	821,774
Taxation on profit on ordinary activities	6	670,549	249,831
Profit on ordinary activities after taxation		1,636,690	571,943

All amounts relate to continuing activities.

All recognised gains and losses in the current year and prior period are included in the profit and loss account.

The notes on pages 8 to 17 form part of these financial statements.

ATB Laurence Scott Limited

Balance sheet at 31 December 2008

	Note	31 December 2008 £	31 December 2008 £	31 December 2007 £	31 December 2007 £
Fixed assets					
Intangible assets	7		1,084,481		2,168,961
Tangible assets	8		444,043		518,536
			<u>1,528,524</u>		<u>2,687,497</u>
Current assets					
Stocks	9	3,084,229		2,959,644	
Debtors	10	4,773,954		2,675,837	
Cash at bank and in hand		212,988		648,660	
		<u>8,071,171</u>		<u>6,284,141</u>	
Creditors: amounts falling due within one year	11	3,820,588		5,211,194	
		<u></u>		<u></u>	
Net current assets			4,250,583		1,072,947
			<u></u>		<u></u>
Total assets less current liabilities			5,779,107		3,760,444
			<u></u>		<u></u>
Creditors: amounts falling due after more than one year	12	3,000,000		3,000,000	
Provisions for liabilities	13	570,473		188,500	
		<u></u>		<u></u>	
			3,570,473		3,188,500
			<u></u>		<u></u>
			2,208,634		571,944
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	15		1		1
Profit and loss account	16		2,208,633		571,943
			<u></u>		<u></u>
Shareholders' funds	17		2,208,634		571,944
			<u></u>		<u></u>

The financial statements were approved by the board of directors and authorised for issue on

I R Walker
Director



15th April 2009

The notes on pages 8 to 17 form part of these financial statements.

ATB Laurence Scott Limited

Notes forming part of the financial statements for the year ended 31 December 2008

1 Accounting policies

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

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by A-TEC Industries AG and the company is included in consolidated financial statements.

Goodwill

Goodwill arising on an acquisition of a trade is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 3 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	- 20% - 25% per annum straight line
Motor vehicles	- 50% per annum straight line
Office equipment	- 50% per annum straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

ATB Laurence Scott Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (continued)

1 Accounting policies (continued)

Research and development

Research and development costs are charged to the profit and loss account in the year of expenditure.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

	Year ended 31 December 2008 £	Period ended 31 December 2007 £
Analysis by geographical market:		
United Kingdom	14,112,835	5,312,729
Europe	3,023,662	5,325,775
Rest of the world	3,958,096	-
	<hr/>	<hr/>
	21,094,593	10,638,504
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the company.

ATB Laurence Scott Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (continued)

3 Operating profit

	Year ended 31 December 2008 £	Period ended 31 December 2007 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	141,421	95,972
Amortisation of positive goodwill	1,084,480	1,084,480
Hire of other assets - operating leases	516,580	-
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	18,750	15,000
Exchange differences	(109,935)	29,870
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	Year ended 31 December 2008 £	Period ended 31 December 2007 £
Wages and salaries	4,319,289	2,199,893
Social security costs	443,251	221,338
Other pension costs	189,393	97,771
	<u> </u>	<u> </u>
	<u>4,951,933</u>	<u>2,519,002</u>

The average number of employees (including directors) during the year/period was as follows:

	Year ended 31 December 2008 Number	Period ended 31 December 2007 Number
Administration	5	4
Sales and manufacture	165	139
	<u> </u>	<u> </u>
	<u>170</u>	<u>143</u>

ATB Laurence Scott Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

5 Interest payable and similar charges

	Year ended 31 December 2008 £	Period ended 31 December 2007 £
Loans from group companies	153,000	71,000

6 Taxation on profit on ordinary activities

	Year ended 31 December 2008 £	Period ended 31 December 2007 £
<i>UK Corporation tax</i>		
Current tax on profits of the year/period	683,182	269,117
<i>Deferred tax</i>		
Origination and reversal of timing differences	(12,633)	(19,286)
Taxation on profit on ordinary activities	670,549	249,831

The tax assessed for the year/period is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	Year ended 31 December 2008 £	Period ended 31 December 2007 £
Profit on ordinary activities before tax	2,307,239	821,774
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28.50% (2007 - 30.00%)	657,563	246,532
Effect of:		
Expenses not deductible for tax purposes	12,824	1,921
Depreciation for period in excess of capital allowances	12,558	2,975
Other timing differences	237	17,689
Current tax charge for the year/period	683,182	269,117

ATB Laurence Scott Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

7 Intangible fixed assets

	Purchased goodwill £
<i>Cost or valuation</i>	
At 1 January 2008 and 31 December 2008	3,253,441
	<hr/>
<i>Amortisation</i>	
At 1 January 2008	1,084,480
Provided for the year	1,084,480
	<hr/>
At 31 December 2008	2,168,960
	<hr/>
<i>Net book value</i>	
At 31 December 2008	1,084,481
	<hr/>
At 31 December 2007	2,168,961
	<hr/>

ATB Laurence Scott Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

8 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>				
At 1 January 2008	589,508	5,000	20,000	614,508
Additions	71,418	-	23,739	95,157
Disposals	(31,456)	-	-	(31,456)
Transfers	25,000	(5,000)	(20,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	654,470	-	23,739	678,209
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2008	88,657	1,470	5,845	95,972
Provided for the year	140,074	-	1,347	141,421
Disposals	(3,227)	-	-	(3,227)
Transfers	7,315	(1,470)	(5,845)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	232,819	-	1,347	234,166
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2008	421,651	-	22,392	444,043
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	500,851	3,530	14,155	518,536
	<hr/>	<hr/>	<hr/>	<hr/>

9 Stocks

	31 December 2008 £	31 December 2007 £
Raw materials and consumables	1,578,588	1,600,252
Work in progress	1,505,641	1,359,392
	<hr/>	<hr/>
	3,084,229	2,959,644
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

ATB Laurence Scott Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

10 Debtors

	31 December 2008 £	31 December 2007 £
Trade debtors	4,403,711	2,006,718
Other debtors	67,431	131,430
Prepayments and accrued income	270,893	59,240
Amounts recoverable on contracts	-	459,163
Deferred taxation	31,919	19,286
	<u>4,773,954</u>	<u>2,675,837</u>

All amounts shown under debtors fall due for payment within one year.

	Deferred taxation £
At 1 January 2008	19,286
Credited to profit and loss account	12,633
	<u>31,919</u>
At 31 December 2008	<u>31,919</u>

Deferred taxation

	31 December 2008 £	31 December 2007 £
The amount of deferred tax provided for is as follows:		
Accelerated capital allowances	15,410	2,777
Sundry timing differences	16,509	16,509
	<u>31,919</u>	<u>19,286</u>

ATB Laurence Scott Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

11 Creditors: amounts falling due within one year

	31 December 2008 £	31 December 2007 £
Trade creditors	1,349,293	2,005,903
Amounts owed to group undertakings	1,110,023	2,039,091
Corporation tax	452,468	269,117
Other taxation and social security	245,183	534,902
Other creditors	109,051	53,271
Accruals and deferred income	554,570	308,910
	<u>3,820,588</u>	<u>5,211,194</u>

12 Creditors: amounts falling due after more than one year

	31 December 2008 £	31 December 2007 £
Amounts owed to group undertakings	<u>3,000,000</u>	<u>3,000,000</u>

13 Provisions for liabilities

	Warranty provision £	Other provision £	Total £
At 1 January 2008	60,000	128,500	188,500
Transferred from debtors	-	512,222	512,222
Utilised in year	-	(130,249)	(130,249)
	<u>60,000</u>	<u>510,473</u>	<u>570,473</u>
At 31 December 2008	<u>60,000</u>	<u>510,473</u>	<u>570,473</u>

The warranty provision is a general provision for any high voltage electric motors that may fail within the warranty period. Management have based the provision on historic claims.

The other provision at 31 December 2008 relates to potential claims on contracts that were delivered beyond the contract date.

The other provision at 31 December 2007 related to a claim that the company breached regulation 13 of the Transfer of Undertakings (Protection of Employment) Regulations 2006 by allegedly failing to inform or consult appropriately with employee representatives.

ATB Laurence Scott Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (continued)

14 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £189,393 (2007 - £97,771). Contributions amounting to £1,548 (2007 - £22,397) were payable to the fund and are included in creditors.

15 Share capital

	31 December 2008 £	Authorised 31 December 2007 £	Allotted, called up and fully paid 31 December 2008 £	31 December 2007 £
Ordinary shares of £1 each	1,000	1,000	1	1

16 Reserves

	Profit and loss account £
At 1 January 2008	571,943
Profit for the year	1,636,690
At 31 December 2008	2,208,633

17 Reconciliation of movements in shareholders' funds

	31 December 2008 £	31 December 2007 £
Profit for the year/period	1,636,690	571,943
Issue of shares	-	1
Net additions to shareholders' funds	1,636,690	571,944
Opening shareholders' funds	571,944	-
Closing shareholders' funds	2,208,634	571,944

ATB Laurence Scott Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

18 Contingent liabilities

The company has guaranteed bank borrowings of ATB Morley Limited, the immediate parent undertaking. At the year end the liabilities covered by these guarantees totalled £6,996,565.

19 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 31 December 2008 £	Land and buildings 31 December 2007 £
Operating leases which expire:		
Within one year	-	488,000
In two to five years	598,000	-
	<u>598,000</u>	<u>488,000</u>

20 Capital commitments

	31 December 2008 £	31 December 2007 £
Contracted but not provided for	791,250	-
	<u>791,250</u>	<u>-</u>

21 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by A-TEC Industries AG on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

22 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of ATB Morley Limited, incorporated in England and Wales. The ultimate parent company is A-TEC Industries AG which is incorporated in Austria.

The largest and smallest group in which the results of the company are consolidated is that headed by A-TEC Industries AG, incorporated in Austria. The consolidated accounts of this company are available to the public and may be obtained from A-TEC Industries AG, Wachtergasse 1, 1010 Vienna, Austria. No other group accounts include the results of the company.