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**AESSEAL (MCK) LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**  
**COMPANY NUMBER NI 17307**

DEPARTMENT OF ENTERPRISE  
TRADE AND INVESTMENT

28 OCT 2005

POST RECEIVED  
COMPANIES REGISTRY

**AESSEAL (MCK) LIMITED**

**DIRECTORS**

J F McKeever

C J Rea OBE

**SECRETARY**

H R Roddy

**REGISTERED OFFICE**

139a Hillsborough Old Road, Lisburn BT27 5QE

**AUDITORS**

Roddis Taylor Robinson, Chartered Accountants, 275 Glossop Road, Sheffield S10 2HB

**BANKERS**

Ulster Bank Limited, Markets Branch, PO Box 232, 11-16 Donegall Square East, Belfast BT1 5UB

## **AESSEAL (MCK) LIMITED**

### **REPORT OF THE DIRECTORS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2004**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. 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;
- 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 (Northern Ireland) Order 1986. They are also responsible for safeguarding the assets of the Company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **ACCOUNTS**

The Directors present their report and accounts for the year ended 31 December 2004.

#### **ACTIVITIES**

The principal activities of the Company are the manufacture and distribution of engineering products to industry.

#### **BUSINESS REVIEW**

The Directors consider the results for the year and the position at 31 December 2004 to be satisfactory.

#### **RESULTS FOR THE YEAR**

Profit on ordinary activities before taxation amounted to £148077 (2003 £97377) and after taxation £105091 (2003 £62422).

#### **DIVIDENDS**

No interim dividend was paid during the year (2003 Nil). The Directors do not recommend payment of a final dividend for the year ended 31 December 2004 (2003 Nil).

#### **CHARITABLE CONTRIBUTIONS**

The Company gave £645 for charitable purposes in the year.

**AESSEAL (MCK) LIMITED**

**REPORT OF THE DIRECTORS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2004**

**DIRECTORS**

The members of the Board during the year were:

J F McKeever  
C J Rea OBE

**AUDITORS**

Roddis Taylor Robinson, Chartered Accountants, offer themselves for re-appointment in accordance with Article 392 Companies (Northern Ireland) Order 1986.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'H R Roddy', written over a horizontal line.

H R Roddy  
Secretary  
26 July 2005

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AESSEAL (MCK) LIMITED**

We have audited the financial statements of Aesseal (MCK) Limited for the year ended 31 December 2004 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 243 of the Companies (Northern Ireland) Order 1986. 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 auditor's 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 described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 (Northern Ireland) Order 1986. 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 the law regarding Directors' remuneration and transactions with the Company 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.

### **Basis of audit opinion**

We conducted our audit in accordance with the 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 (Northern Ireland) Order 1986.

*Roddie Taylor Robinson*

**Roddie Taylor Robinson**  
Chartered Accountants  
Registered Auditors

26 July 2005

**AESSEAL (MCK) LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2004**

<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
2	TURNOVER - CONTINUING ACTIVITIES	2339917
	Cost of sales	(1572868)
	GROSS PROFIT	767049
	Other operating income	3138
	Distribution costs	(275413)
	Administrative expenses	(333798)
	OPERATING PROFIT - CONTINUING ACTIVITIES	160976
	Other interest receivable and similar income	724
3	Interest payable and similar charges	(13623)
4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	148077
5	Tax on profit on ordinary activities	(42986)
	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	105091
	Dividends	-
13	TRANSFER TO RESERVES	105091

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE YEAR ENDED 31 DECEMBER 2004**

The Company had no recognised gains or losses other than the profit for the year of £105091 (2003 £62422).

**AESSEAL (MCK) LIMITED**

**BALANCE SHEET AT 31 DECEMBER 2004**

<u>Notes</u>		<u>2004</u> £	<u>2003</u> £
	<b>FIXED ASSETS</b>		
6	Tangible assets	<u>106118</u>	<u>96026</u>
	<b>CURRENT ASSETS</b>		
7	Stocks	329523	241191
8	Debtors	593356	441921
	Cash at bank and in hand	40809	70359
		<u>963688</u>	<u>753471</u>
9	CREDITORS (amounts due within one year)	<u>(424962)</u>	<u>(311438)</u>
	<b>NET CURRENT ASSETS</b>	<u>538726</u>	<u>442033</u>
	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>644844</u>	<u>538059</u>
10	CREDITORS (amounts due after one year)	<u>(7638)</u>	<u>(5944)</u>
		<u>637206</u>	<u>532115</u>
	<b>CAPITAL AND RESERVES</b>		
12	Called up share capital	16000	16000
13	Profit and loss account	<u>621206</u>	<u>516115</u>
14	<b>SHAREHOLDERS' FUNDS</b>	<u>637206</u>	<u>532115</u>

Signed on behalf of the Board

  
J F McKeever - Director

## **AESSEAL (MCK) LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2004**

##### **1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's accounts.

###### **a) BASIS OF PREPARATION OF ACCOUNTS**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. There were no material departures from those standards.

The Company has taken advantage of the exemption in Financial Reporting Standard No.1 from producing a cash flow statement as it is a wholly owned Subsidiary undertaking of AES Engineering Limited.

###### **b) TURNOVER**

Turnover represents the amount received or receivable for goods and services provided to customers during the year, excluding value added tax.

###### **c) TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated at rates intended to write off the cost of the fixed assets over the expected useful lives of the assets concerned. The principal annual rates are:

Short leasehold property	Equal instalments over the period of the lease
Plant and equipment	10% straight line
Motor vehicles	25% straight line
Fixtures and fittings	15% straight line
Computer equipment	20% straight line

From 1 January 2004 the above depreciation rates have been used as they are considered more appropriate. The effect of these changes is to increase the depreciation charge for the year by £3745.

###### **d) STOCKS**

Stock is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs.

###### **e) DEFERRED TAXATION**

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.



**AESSEAL (MCK) LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2004**

**1. ACCOUNTING POLICIES (CONTINUED)**

**f) OPERATING CONTRIBUTIONS**

Operating contributions that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life.

Other operating contributions are credited to the profit and loss account when receivable.

**g) PENSION COSTS**

The Company operates defined contribution pension schemes. The charge in the profit and loss account for pension costs is the amount of the Company's contributions payable to the pension schemes for the year.

**h) FOREIGN CURRENCIES**

Transactions denominated in foreign currencies are translated into sterling using the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currency have been translated into sterling at the closing rates. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

**i) LEASING**

Assets acquired under hire purchase contracts or finance leases are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges are included in creditors.

Operating lease rentals are charged to the profit and loss account as they are incurred.

**2. SEGMENT INFORMATION**

The Company's turnover and profit before taxation are derived from its principal activity.

As permitted by the Companies Order and SSAP 25 the Directors have not disclosed segmental information as they consider it would be seriously prejudicial to the Company's interests.

**AESSEAL (MCK) LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2004**

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>2004</u>	<u>2003</u>
	£	£
Finance charges - hire purchase obligations and finance leases	1984	2212
Bank interest	-	40
Interest payable to Parent undertaking	11639	9361
	<u>13623</u>	<u>11613</u>

**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<u>2004</u>	<u>2003</u>
	£	£
After charging:		
Directors' emoluments (note 16)	85788	89032
Depreciation - owned assets	31065	26573
Depreciation - assets held under finance leases and hire purchase contracts	13908	15411
Auditors' remuneration including expenses	3003	3528
Operating leases - property	44903	44942
Foreign currency exchange losses (net)	-	7081
Loss on disposal of fixed assets	-	842
	<u>          </u>	<u>          </u>
After crediting:		
Operating contributions	3138	429
Profit on disposal of fixed assets	10773	-
Foreign currency exchange gains (net)	12474	-
	<u>          </u>	<u>          </u>

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Analysis of the tax charge:

The tax charge on the profit on ordinary activities for the year was as follows:

	<u>2004</u>	<u>2003</u>
	£	£
Current tax:		
UK corporation tax	42986	35772
Adjustment re prior years	-	(817)
	<u>42986</u>	<u>34955</u>

# AESSEAL (MCK) LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2004

#### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting the tax charge:

The tax charged on the profit for the year is lower (2003 higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	<u>2004</u> £	<u>2003</u> £
Profit on ordinary activities before tax	148077	97377
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 30%)	44423	29213
Effects of:		
Expenses not deductible for tax purposes	2080	2000
Depreciation in excess of capital allowances for the period	606	2446
Origination and reversal of timing differences	(4123)	2113
Adjustment to tax charge in respect of previous period	-	(817)
	<u>42986</u>	<u>34955</u>

#### 6. TANGIBLE FIXED ASSETS

	Short Leasehold Property Adaptations £	Plant and Equipment £	Motor Vehicles £	Total £
Cost:				
At 1 January 2004	16673	84001	115617	216291
Additions	-	1908	57011	58919
Disposals	-	-	(42871)	(42871)
At 31 December 2004	<u>16673</u>	<u>85909</u>	<u>129757</u>	<u>232339</u>
Depreciation:				
At 1 January 2004	2918	47299	70048	120265
Provision for the year	1668	13392	29913	44973
Disposals	-	-	(39017)	(39017)
At 31 December 2004	<u>4586</u>	<u>60691</u>	<u>60944</u>	<u>126221</u>
Net book value:				
At 31 December 2004	<u>12087</u>	<u>25218</u>	<u>68813</u>	<u>106118</u>
At 31 December 2003	<u>13755</u>	<u>36702</u>	<u>45569</u>	<u>96026</u>

The net book value of tangible fixed assets includes an amount of £34264 (2003 £37673) in respect of assets held under hire purchase contracts or finance leases.

**AESSEAL (MCK) LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2004****7. STOCKS**

	<u>2004</u> £	<u>2003</u> £
Finished goods and goods for resale	<u>329523</u>	<u>241191</u>

**8. DEBTORS**

	<u>2004</u> £	<u>2003</u> £
Trade debtors	224990	206137
Amounts due from Group undertakings	317912	186659
Other debtors	32290	39142
Prepayments and accrued income	18164	9983
	<u>593356</u>	<u>441921</u>

**9. CREDITORS (AMOUNTS DUE WITHIN ONE YEAR)**

	<u>2004</u> £	<u>2003</u> £
Obligations under finance leases and hire purchase contracts	11873	17685
Trade creditors	121483	84470
Amounts owed to Group undertakings	147041	109373
Corporation tax payable	20486	18897
Other taxes and social security	21658	9936
Accruals and deferred income	102007	71077
Other creditors	414	-
	<u>424962</u>	<u>311438</u>

**10. CREDITORS (AMOUNTS DUE AFTER ONE YEAR)**

	<u>2004</u> £	<u>2003</u> £
Obligations under finance leases and hire purchase contracts	<u>7638</u>	<u>5944</u>

**AESSEAL (MCK) LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2004**

**11. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

	<u>2004</u> £	<u>2003</u> £
Obligations under finance leases and hire purchase contracts	19511	23629
Due within one year (included in current liabilities)	(11873)	(17685)
	<hr/>	<hr/>
Repayable between two and five years	7638	5944
	<hr/>	<hr/>

The obligations under finance leases and hire purchase contracts are secured on certain tangible fixed assets of the Company.

**12. CALLED UP SHARE CAPITAL**

	<u>2004</u> £	<u>2003</u> £
Allotted and fully paid:		
16000 ordinary shares of £1 each	16000	16000
	<hr/>	<hr/>
Authorised:		
50000 ordinary shares of £1 each	50000	50000
	<hr/>	<hr/>

**13. RESERVES**

	<u>Profit and Loss Account</u> £
At 1 January 2004	516115
Retained profit for the year	105091
	<hr/>
At 31 December 2004	621206
	<hr/>

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>2004</u> £	<u>2003</u> £
Equity interests:		
Profit for the year	105091	62422
Opening shareholders' funds	532115	469693
	<hr/>	<hr/>
Closing shareholders' funds	637206	532115
	<hr/>	<hr/>

**AESSEAL (MCK) LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2004**

**15. LEASING COMMITMENTS**

At 31 December 2004 the Company had annual commitments under non-cancellable operating leases as detailed below:-

	<u>2004</u>	<u>2003</u>
	£	£
Land and buildings		
Operating leases which expire:		
Within two to five years	2747	2491
After five years	<u>42000</u>	<u>42000</u>

**16. INFORMATION REGARDING DIRECTORS**

Share interests:

The Directors of the Company at 31 December 2004 were as follows:

J F McKeever  
C J Rea

None of the directors had interests in the shares of the Company at that date or at 31 December 2003.

Directors' interests in Parent undertaking:

The interest of C J Rea, who is a Director of the Parent Company, in the shares of AES Engineering Limited are shown in that Company's accounts. J F McKeever has the following interest in the Parent undertaking:

	<u>2004</u>	<u>2003</u>
Ordinary shares of £1 each	<u>6874</u>	<u>6874</u>

**AESSEAL (MCK) LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2004**

**16. INFORMATION REGARDING DIRECTORS (CONTINUED)**

Remuneration:

	<u>2004</u>	<u>2003</u>
	£	£
Directors emoluments amounted to:		
Emoluments including benefits in kind	74669	77913
Money purchase pension scheme contributions	11119	11119
	<u>85788</u>	<u>89032</u>

There is one director who is a member of a money purchase pension scheme (2003 one).

Financial transactions:

During the year the Company traded with Subsidiaries of AES Engineering Limited, a Company in which C J Rea and J F McKeever have an interest. All the transactions were carried out on a normal commercial basis.

**17. PARTICULARS OF EMPLOYEES**

The average number of persons employed by the Company (including Directors) during the year was:

Category:	<u>2004</u>	<u>2003</u>
Directors	2	2
Workshop	7	6
Sales	5	5
Administration	4	4
	<u>18</u>	<u>17</u>

Their total remuneration was:

	<u>2004</u>	<u>2003</u>
	£	£
Wages and salaries	431539	376339
Social security costs	45684	41639
Pension costs	12638	12671
	<u>489861</u>	<u>430649</u>

## **AESSEAL (MCK) LIMITED**

### **NOTES TO THE ACCOUNTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2004**

##### **18. PENSION COSTS**

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds.

Contributions payable to the schemes by the Company are included in the pension costs charge in respect of the year and amounted to £12638 (2003 £12671). There were no outstanding contributions to the schemes at the year end (2003 nil).

##### **19. RELATED PARTIES**

###### **a) Controlling Parties**

The Company is under the control of AES Engineering Limited. The ultimate controlling party is considered to be Mr C J Rea, by virtue of his shareholding in that Company.

###### **b) Related Party Transactions**

Advantage has been taken of the exemption in FRS8 from disclosing transactions with AES Engineering Limited and other Companies in the AES Group of Companies as the Company is a 100% Subsidiary undertaking. The Company did not enter into any transactions with the Directors during the year.

##### **20. PARENT UNDERTAKING AND ULTIMATE HOLDING COMPANY**

AES Engineering Limited, a Company registered in England and Wales, is the Company's smallest and largest Parent undertaking and ultimate holding Company.

Copies of the accounts of AES Engineering Limited can be obtained from the Registered Office at Global Technology Centre, Mill Close, Bradmarsh Business Park, Rotherham S60 1BZ, United Kingdom.

##### **21. COMMITMENTS ON BEHALF OF GROUP COMPANIES**

Along with the other Group undertakings based in Great Britain, the Company has given security in favour of HSBC Bank plc against Group borrowings by way of an Unlimited Multilateral Company guarantee, to secure all liabilities of each other, and a debenture giving fixed and floating charges over assets of the Company.

##### **22. APPROVAL OF ACCOUNTS**

These accounts were approved at a Directors' meeting held on 26 July 2005