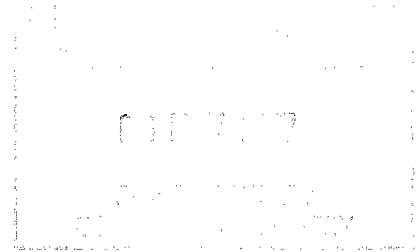




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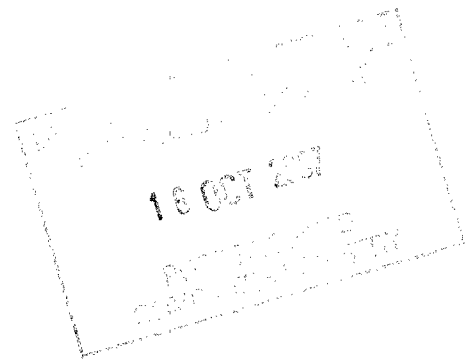


**AESSEAL (MCK) LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

**COMPANY NUMBER NI 17307**



**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 2006**

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

The Directors are responsible for preparing the Annual 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 judgements 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;
- 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 that 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 and 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 2006.

#### **ACTIVITIES**

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

#### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

Both the level of business and the year end financial position were satisfactory, and the Directors expect the activity levels will continue to increase.

The Directors of AES Engineering Limited manage the Group's risks at a Group level and operations on a divisional basis, rather than at an individual business unit level. For this reason, the Company's Directors believe that discussion of the Group's risk and an analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, and the development, performance and position of the Company are discussed in the Directors' Report in the Group's report and accounts which do not form part of this report.

**AESSEAL (MCK) LIMITED**

**REPORT OF THE DIRECTORS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

**RESULTS FOR THE YEAR**

Profit on ordinary activities before taxation amounted to £185481 (2005 £97364) and after taxation £120730 (2005 £64864).

**DIVIDENDS**

No interim dividend was paid during the year (2005 Nil). The Directors do not recommend payment of a final dividend for the year ended 31 December 2006 (2005 Nil).

**CHARITABLE CONTRIBUTIONS**

The Company gave £720 (2005 £281) for charitable purposes in the year.

**DIRECTORS**

The members of the Board during the year were:

J F McKeever  
C J Rea OBE

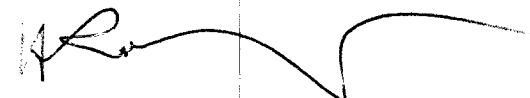
**AUDITORS**

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Directors are aware, there is no relevant audit information (as defined by Article 242ZA of the Companies (Northern Ireland) Order 1986 of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



H R Roddy  
Secretary

25 June 2007

## **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 2006 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 in accordance with 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**

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 are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you whether, in our opinion, the information given in the Directors' report is consistent with the financial statements.

In addition we 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 the 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.

### **Basis of audit opinion**

We conducted our audit in accordance with the 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.

### **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 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the Directors' Report is consistent with the financial statements.

*Roddis Taylor Robinson*

**Roddis Taylor Robinson**  
Chartered Accountants  
Registered Auditors

25 June 2007

**AESSEAL (MCK) LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2006**

<u>Notes</u>	<u>2006</u> £	<u>2005</u> £
2		
TURNOVER - CONTINUING ACTIVITIES	3073085	2519538
Cost of sales	(2129317)	(1719010)
GROSS PROFIT	943768	800528
Other operating income	12146	13107
Distribution costs	(359823)	(354729)
Administrative expenses	(390341)	(343138)
OPERATING PROFIT - CONTINUING ACTIVITIES	205750	115768
Other interest receivable and similar income	2307	952
3		
Interest payable and similar charges	(22576)	(19356)
4		
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	185481	97364
5		
Tax on profit on ordinary activities	(64751)	(32500)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES	120730	64864

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE YEAR ENDED 31 DECEMBER 2006**

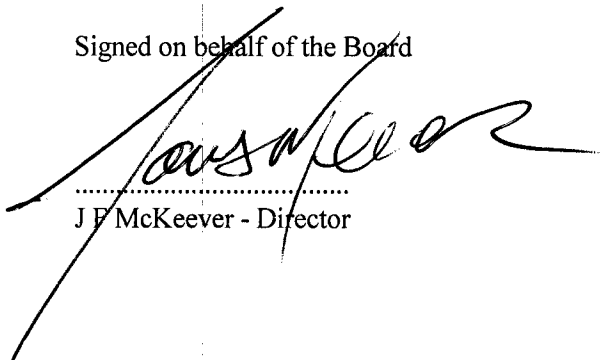
The Company had no recognised gains or losses other than the profit for the year of £120730 (2005 £64864).

# **AESSEAL (MCK) LIMITED**

## **BALANCE SHEET AT 31 DECEMBER 2006**

<u>Notes</u>		<u>2006</u> £	<u>2005</u> £
	<b>FIXED ASSETS</b>		
6	Tangible assets	105517	102804
	<b>CURRENT ASSETS</b>		
7	Stocks	329909	320003
8	Debtors	796599	605062
	Cash at bank and in hand	85424	69501
		1211932	994566
9	CREDITORS (amounts due within one year)	(493807)	(387497)
	<b>NET CURRENT ASSETS</b>	718125	607069
	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	823642	709873
10	CREDITORS (amounts due after one year)	(842)	(7803)
		822800	702070
	<b>CAPITAL AND RESERVES</b>		
12	Called up share capital	16000	16000
13	Profit and loss account	806800	686070
14	<b>SHAREHOLDERS' FUNDS</b>	822800	702070

Signed on behalf of the Board

  
.....  
J F McKeever - Director

## **AESSEAL (MCK) LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2006**

##### **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

###### **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.

###### **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.



**AESSEAL (MCK) LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

**1. ACCOUNTING POLICIES (CONTINUED)**

**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.

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>2006</u>	<u>2005</u>
	£	£
Bank interest	304	-
Finance charges - hire purchase obligations and finance leases	1086	1527
Interest payable to Parent undertaking	21186	17829
	<u>22576</u>	<u>19356</u>

# **AESSEAL (MCK) LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2006**

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

	<u>2006</u>	<u>2005</u>
	£	£
After charging:		
Directors' emoluments (note 16)	87830	85833
Depreciation - owned assets	35937	36773
Depreciation - assets held under finance leases and hire purchase contracts	9806	8553
Operating leases - property	45196	45213
Auditors remuneration:		
Audit work (including expenses)	2763	2346
Non audit work:		
Taxation	-	250
Other services	600	650
	<u>          </u>	<u>          </u>
After crediting:		
Operating contributions	12146	13107
Profit on disposal of fixed assets	10947	3302
Foreign currency exchange gains (net)	3432	33091
	<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>2006</u>	<u>2005</u>
	£	£
Current tax:		
UK corporation tax	64751	32500
	<u>          </u>	<u>          </u>

Factors affecting the tax charge:

The tax charged on the profit for the year is higher (2005 lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	<u>2006</u>	<u>2005</u>
	£	£
Profit on ordinary activities before tax	185481	97364
	<u>          </u>	<u>          </u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	55644	29209
Effects of:		
Expenses not deductible for tax purposes	1990	1697
Depreciation in excess of capital allowances for the period	1368	1706
Origination and reversal of timing differences	5749	(112)
	<u>          </u>	<u>          </u>
	64751	32500
	<u>          </u>	<u>          </u>

**AESSEAL (MCK) LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

**6. TANGIBLE FIXED ASSETS**

	Short Leasehold Property Adaptations £	Plant and Equipment £	Motor Vehicles £	Total £
Cost:				
At 1 January 2006	23135	90378	133765	247278
Additions	980	10829	41786	53595
Disposals	-	(3916)	(35475)	(39391)
At 31 December 2006	24115	97291	140076	261482
Depreciation:				
At 1 January 2006	6877	72159	65438	144474
Provision for the year	2712	10185	32846	45743
Disposals	-	(3916)	(30336)	(34252)
At 31 December 2006	9589	78428	67948	155965
Net book value:				
At 31 December 2006	14526	18863	72128	105517
At 31 December 2005	16258	18219	68327	102804

The net book value of tangible fixed assets includes an amount of £15827 (2005 £25633) in respect of assets held under hire purchase contracts or finance leases.

**7. STOCKS**

	2006 £	2005 £
Finished goods and goods for resale	329909	320003

**8. DEBTORS**

	2006 £	2005 £
Trade debtors	340586	257732
Amounts due from Group undertakings	370933	286836
Other debtors	56333	32691
Prepayments and accrued income	28747	27803
	796599	605062

**AESSEAL (MCK) LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

9. CREDITORS (AMOUNTS DUE WITHIN ONE YEAR)

	<u>2006</u>	<u>2005</u>
	£	£
Obligations under finance leases and hire purchase contracts	6961	10780
Trade creditors	117979	159480
Amounts owed to Group undertakings	166982	101350
Corporation tax payable	34751	12100
Other taxes and social security	13446	13071
Accruals and deferred income	153688	90716
	<u>493807</u>	<u>387497</u>

10. CREDITORS (AMOUNTS DUE AFTER ONE YEAR)

	<u>2006</u>	<u>2005</u>
	£	£
Obligations under finance leases and hire purchase contracts	<u>842</u>	<u>7803</u>

11. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	<u>2006</u>	<u>2005</u>
	£	£
Obligations under finance leases and hire purchase contracts	7803	18583
Due within one year (included in current liabilities)	(6961)	(10780)
Repayable between two and five years	<u>842</u>	<u>7803</u>

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>2006</u>	<u>2005</u>
	£	£
Allotted and fully paid:		
16000 ordinary shares of £1 each	<u>16000</u>	<u>16000</u>
Authorised:		
50000 ordinary shares of £1 each	<u>50000</u>	<u>50000</u>

# **AESSEAL (MCK) LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2006**

#### **13. RESERVES**

	<u>Profit and Loss Account</u> £
At 1 January 2006	686070
Retained profit for the year	<u>120730</u>
At 31 December 2006	<u><u>806800</u></u>

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

	<u>2006</u> £	<u>2005</u> £
Equity interests:		
Profit for the year	120730	64864
Opening shareholders' funds	<u>702070</u>	<u>637206</u>
Closing shareholders' funds	<u><u>822800</u></u>	<u><u>702070</u></u>

#### **15. LEASING COMMITMENTS**

At 31 December 2006 the Company had annual commitments under non-cancellable operating leases as detailed below:-

	<u>2006</u> £	<u>2005</u> £
Land and buildings		
Operating leases which expire:		
Within one year	-	2852
After five years	<u>42000</u>	<u>42000</u>

#### **16. INFORMATION REGARDING DIRECTORS**

##### **Share interests:**

The Directors of the Company at 31 December 2006 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 2005.

**AESSEAL (MCK) LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2006****16. INFORMATION REGARDING DIRECTORS (CONTINUED)**

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>2006</u>	<u>2005</u>
Ordinary shares of £1 each	<u>6747</u>	<u>6747</u>
Remuneration:		
	<u>2006</u>	<u>2005</u>
	£	£
Directors emoluments amounted to:		
Emoluments including benefits in kind	76732	74714
Money purchase pension scheme contributions	11098	11119
	<u>87830</u>	<u>85833</u>

There is one director who is a member of a money purchase pension scheme (2005 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>2006</u>	<u>2005</u>
Directors	2	2
Workshop	6	6
Sales	7	7
Administration	7	6
	<u>22</u>	<u>21</u>

Their total remuneration was:

	<u>2006</u>	<u>2005</u>
	£	£
Wages and salaries	510652	465105
Social security costs	54390	51273
Pension costs	13275	12703
	<u>578317</u>	<u>529081</u>

## **AESSEAL (MCK) LIMITED**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2006**

##### **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 £13275 (2005 £12703). There were no outstanding contributions to the schemes at the year end (2005 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 and authorised for issue at a Directors' meeting held on 25 June 2007.