

**Inviron Limited**

**Report and Accounts**

**31 December 2008**

**Registered Number: 4956673**

**Inviron Limited**

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**Registered Number: 4956673**

**DIRECTORS**

G J Metcalfe  
D Chauhan  
R A Varney  
R Plummer

**COMPANY SECRETARY**

R A Varney

**REGISTERED OFFICE**

3100 Park Square  
Solihull Parkway  
Birmingham Business Park  
Birmingham  
B37 7YN

**AUDITORS**

Ernst & Young LLP  
No.1 Colmore Square  
Birmingham  
B4 6HQ

**BANKERS**

Lloyds TSB Bank Plc  
P O Box 908  
125 Colmore Row  
Birmingham  
B3 2DS

**SOLICITORS**

Wragge & Co. LLP  
55 Colmore Row  
Birmingham  
B3 2AS

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

The Directors present their report and financial statements for the year ended 31 December 2008.

### **PRINCIPAL ACTIVITIES**

Inviron Limited maintain, install and manage the systems and services that support the operation of buildings and infrastructure in a wide variety of environments, predominantly within the UK.

The Company operates within the Building Services sector, reliably delivering agreed services in pursuit of our vision to become the most respected Building Services provider in the UK. Four focussed business areas serve the specialist needs of customers:

- Facilities Management & Service
- Building Systems
- Airports & Aviation Services
- Marine Systems

### **RESULTS AND DIVIDENDS**

The results for the Company for the year are set out on page 7.

Dividends of £780,000 (2007: £nil) were paid during the year. The directors do not recommend the payment of a final dividend.

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

The directors are pleased to report a set of results reflecting a sound performance from core activities. The favourable performance came predominantly from growth in business from existing customers with whom we have developed strong relationships. These relationships have in a number of cases been further enhanced using our unique in-house process referred to as Inviron DNA, our proprietary method of capturing and then ensuring we meet customer expectations. We are now seeing the reward from this investment in terms of business opportunities from both existing and new clients.

In terms of financial performance, turnover grew steadily by 9% (2007: 10%) to £131,095,000 (2007: £119,750,000) reflecting volume growth within the existing customer base, and to a lesser extent a number of new clients.

At the operating level gross profit rose in line with expectation to 12.3% (2007: 11.1%) the result of a more focussed business model, pursuing customers with whom we have built strong relationships leading to repeat work.

Profit before taxation improved to £3,045,000 (2007: £1,474,000) in line with predictions of a more stable level of profits which supported the directors' decision in 2007 to recognise a deferred tax asset in respect of tax losses available for use against future profits and decelerated capital allowances.

Cash balances improved by £1,921,000 (2007: £3,308,000) during 2008 to £9,125,000 (2007: £7,204,000).

The directors are pleased with the financial performance, in spite of a tough economic climate that we expect will further deteriorate. We are confident of our business model, in which we have invested heavily, our plans are flexible to adapt to change and we are confident of our ability to take advantage of the challenges, and opportunities, ahead.

## **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS (continued)**

The principal business risks and uncertainties are identified and managed through both formal and informal systems and processes. There are no risks or uncertainties beyond those normally associated with a business operating within our industry sector, principally;

*Competition* – securing revenues from both existing and new customers

*Operational* – meeting contractual obligations at the levels of risk priced

*Financial* – credit worthiness of customers

*Legislation* – identifying and managing key health, safety and environmental risks

The Company added to its cash resources during the year, without drawing on an established credit facility. Whilst the directors do not anticipate utilising the facility, they have deemed it prudent to renew the facility, providing further financial resilience at a time when access to credit for many companies is restricted.

The Company is a wholly owned subsidiary of Inviron Holdings Limited, which in turn is fully owned by Inviron Limited employees and directors. This provides the opportunity for employees to contribute to, and participate in, the success of the Company, in a way that is unique within our business sector.

## **DIRECTORS AND THEIR INTERESTS**

The following served as Directors of the Company during the year and up until the date of this report:

G J Metcalfe	
K Gilliver	(Resigned 17 <sup>th</sup> December 2008)
D Chauhan	(Appointed 5 <sup>th</sup> January 2009)
R A Varney	(Appointed 5 <sup>th</sup> January 2009)
R Plummer	(Appointed 5 <sup>th</sup> January 2009)

## **QUALITY, SAFETY AND ENVIRONMENTAL**

Inviron is committed to managing quality, safety, health and environmental issues in a proficient and diligent manner to ensure the well being of employees, clients, subcontractors and others affected by the Company's actions. The Company undertakes operations in accordance with current legislation using its own internal management systems designed to ensure compliance, and has procedures that drive continual improvements to quality, safety, health and environmental performance.

Within the current year 47 (2007: 27) employees were trained to the IOSH standard bringing the total number of employees holding IOSH qualifications to 263 (2007: 213). In addition 171 (2007: nil) employees have been trained this year to meet the requirements of the IEE wiring regulations, 17<sup>th</sup> edition.

The directors accept ultimate responsibility for the effective implementation and communication of the Company's health and safety policy.

The Company maintains management systems to meet the requirements of ISO 9001, ISO 14001 and OHSAS 18001 (2007 updated version) for quality, environmental and safety management.

## **SUPPLIER PAYMENT POLICY**

The Company agrees payment terms with all of its main suppliers and abides by these terms subject to satisfactory performance by the supplier.

**DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that all employees be given opportunities in respect of training, career development and promotion.

**EMPLOYEE CONSULTATION**

The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

There are established arrangements involving face-to-face communication, employee newsletters and consultative committees.

It is Company policy that there be no discrimination in respect of age, sex, colour, religion, race, nationality or ethnic origin and that equal opportunity shall be given to all employees.

**CHARITABLE AND POLITICAL DONATIONS**

During the year the Company made various charitable contributions totalling £1,209 (2007: £1,824). The Company made no political donations in the current or prior year.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**AUDITORS**

A resolution to reappoint Ernst & Young LLP as auditors to the Company will be proposed at the Annual General Meeting.

**By order of the Board**



**R A Varney  
Secretary**

Dated: 27<sup>th</sup> February 2009

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

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 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 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 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 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.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INVIRON LIMITED

We have audited the company's financial statements for the year ended 31 December 2008, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and 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 Act 1985. 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 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

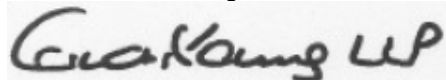
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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



**Ernst & Young LLP**  
**Registered Auditor**  
**Birmingham**

Dated: 27<sup>th</sup> February 2009

**PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
<b>TURNOVER</b>	<b>2</b>	<b>131,095</b>	119,750
Cost of sales		<b>(114,970)</b>	(106,413)
<b>GROSS PROFIT</b>		<b>16,125</b>	13,337
Net operating expenses	<b>3</b>	<b>(13,467)</b>	(12,113)
<b>OPERATING PROFIT</b>	<b>4</b>	<b>2,658</b>	1,224
Interest receivable and similar income	<b>7</b>	<b>415</b>	272
Interest payable and similar charges	<b>8</b>	<b>(28)</b>	(22)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>3,045</b>	1,474
Tax on profit on ordinary activities	<b>9</b>	<b>(966)</b>	2,957
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND ATTRIBUTABLE TO THE MEMBERS</b>	<b>17</b>	<b>2,079</b>	4,431

All the activities of the Company are continuing.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
Profit for the financial year attributable to the members		<b>2,079</b>	4,431
Actuarial loss on defined benefit pension scheme	<b>6</b>	<b>(22)</b>	(17)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b>2,057</b>	4,414

**BALANCE SHEET**  
at 31 December 2008

		2008	2007
		£'000	£'000
	<b>Notes</b>		
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	497	456
<b>CURRENT ASSETS</b>			
Stocks	11	7,491	7,086
Debtors	12	19,742	18,838
Cash at bank and in hand		9,125	7,204
		<b>36,358</b>	33,128
<b>Creditors:</b> amounts falling due within one year	13	<b>(25,891)</b>	(23,782)
<b>NET CURRENT ASSETS</b>		<b>10,467</b>	9,346
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>10,964</b>	9,802
<b>Provisions for liabilities</b>	14	<b>(627)</b>	(766)
<b>NET ASSETS BEFORE PENSION LIABILITIES</b>		<b>10,337</b>	9,036
Pension liabilities	6	<b>(42)</b>	(18)
<b>NET ASSETS INCLUDING PENSION LIABILITIES</b>		<b>10,295</b>	9,018
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	3,903	3,903
Profit and loss account	17	6,392	5,115
<b>EQUITY SHAREHOLDER'S FUNDS</b>	17	<b>10,295</b>	9,018

These accounts were approved on behalf of the Board of Directors on the date shown below and the following was authorised to sign the accounts on behalf of the Board.



**G J Metcalfe**  
Director  
Dated: 27<sup>th</sup> February 2009

**STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
<b>Net cash inflow from operating activities</b>	<b>19(a)</b>	<b>2,710</b>	3,295
<b>Returns on investments and servicing of finance</b>			
Interest receivable and similar income		<b>338</b>	253
Interest payable and similar charges		<b>(28)</b>	(22)
<b>Taxation</b>		-	-
<b>Capital expenditure and financial investment</b>		<b>(319)</b>	(218)
<b>Equity dividends paid</b>		<b>(780)</b>	-
<b>Increase in cash in the year</b>		<u><b>1,921</b></u>	<u>3,308</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH**

	<i>Notes</i>	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
Increase in cash	<b>19(b)</b>	<b>1,921</b>	3,308
Net cash at 1 January	<b>19(b)</b>	<b>7,204</b>	3,896
Net cash at 31 December	<b>19(b)</b>	<u><b>9,125</b></u>	<u>7,204</u>

## NOTES TO THE ACCOUNTS for the year ended 31 December 2008

### 1. ACCOUNTING POLICIES

A summary of the more important accounting policies is set out below, which have been consistently applied throughout the year and prior years unless otherwise stated.

#### ***Basis of preparation and accounting convention***

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

#### ***Depreciation***

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Fixtures and Fittings - up to 5 years  
Computer Equipment - up to 3 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### ***Stocks***

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value.

Work in progress and finished goods are valued at cost of direct materials and labour plus attributable overheads, or at net realisable value if lower.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and sale.

#### ***Long Term Contracts***

Profit on long-term contracts is recognised as the work is carried out when the outcome can be assessed with reasonable certainty. Profit is recognised on a prudent basis to reflect the proportion of the work carried out at the year-end, by recording turnover and related costs (as defined in Stocks, above) as contract activity progresses. Turnover is based on third party certifications and where applicable, sales invoices. Full provision is made for all losses on all contracts in the year in which they are first foreseen.

#### ***Research and Development***

Research and development expenditure is written off as incurred.

#### ***Foreign Currencies***

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)**

***Deferred Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold; and
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

***Leasing and Hire Purchase Commitments***

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

***Pensions***

The company operates defined contribution and defined benefit pension schemes on behalf of its employees.

***Defined Contribution Scheme***

The Inviron Pension Plan is an occupational pension scheme ("defined contribution"). The assets of the Scheme are held separately from those of the Company in an independently administered fund.

The cost of providing these pension benefits is charged to the Company profit and loss account. Differences between the amount charged in the profit and loss account and the payment made to the Inviron Pension plan are treated as either accruals or prepayments in the Company balance sheet.

Certain employees participate in industry schemes such as JIB and remain members of such schemes. Contributions to these schemes are included in the defined contribution scheme costs for the year.

***Defined Benefit Scheme***

Certain transferring employees were members of the ESPS section of the ABB Limited Pension Scheme and are now members of the Inviron Pension Plan. Inviron has promised to provide the ESPS members with the same benefits they would have enjoyed had they remained in the ESPS section of the ABB Limited Pension scheme. Each member's defined contribution account will be used to purchase benefits at retirement. If these benefits are lower than they would have received under the previous arrangements, Inviron will provide sufficient extra monies to make up the difference in benefits.

From April 2004 this undertaking given has been reflected in these accounts as a defined benefit scheme under FRS 17.

The financial statements in the current and prior year have been prepared on the basis that no member would decide to transfer their benefits accrued prior to April 2004 across from the ABB Limited Pension Scheme.

NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)

**Pensions (continued)**

*FRS 17*

Following the full adoption of FRS 17, the regular service cost of providing retirement benefits to certain employees during the year, together with the cost of any benefits relating to past service is charged to operating profit in the year. A credit representing the expected return on the assets of the retirement benefit scheme during the year is included within other finance income. This is based on the market value of the assets of the scheme at the start of the financial year. A charge within other finance charges represents the expected increase in the liabilities of the retirement benefit scheme during the year and is included within net interest. This arises from the liabilities of the scheme being one year closer to payment. The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet. Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised gains and losses in the year, together with differences arising from changes in assumptions.

**Contract related provisions and liabilities**

Other contract related provisions and liabilities are set up at the date of closure of contracts to recognise the cost of rectifying any outstanding defects.

**2. TURNOVER**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the year, including appropriate revenue accruals. Turnover in respect of long-term contracts is based on third party certifications and where applicable, sales invoices.

An analysis of turnover by geographical market is given below:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>GEOGRAPHICAL MARKET:</b>		
UK	<b>130,959</b>	119,629
Ireland	<b>136</b>	121
	<b>131,095</b>	119,750

**3. NET OPERATING EXPENSES**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Sales and marketing expenses	<b>2,578</b>	2,144
Administration costs	<b>10,889</b>	9,969
<b>NET OPERATING EXPENSES</b>	<b>13,467</b>	12,113

**NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)**

**4. OPERATING PROFIT**

This is stated after charging the following:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration		
- for audit services	77	79
- for tax related services	16	16
Depreciation		
- tangible fixed assets	278	264
Operating lease rentals		
- plant, equipment and vehicles	1,754	1,489
- land and buildings	612	717
	<b>612</b>	<b>717</b>

**5. DIRECTORS' EMOLUMENTS**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments (excluding performance related bonuses)	292	235
Compensation for loss of office	89	-
Performance related bonuses	35	56
	<b>416</b>	<b>291</b>
Company contributions paid to defined contribution pension scheme	26	21
	<b>442</b>	<b>312</b>

Two Directors (2007: 2) are members of the Inviron defined contribution pension scheme.

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
The amounts in respect of the highest paid Director were as follows:		
Emoluments (excluding performance related bonuses)	165	145
Performance related bonuses	35	38
	<b>200</b>	<b>183</b>
Company contributions to a defined contribution pension scheme	15	13
	<b>215</b>	<b>196</b>

**6. STAFF COSTS**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	40,301	35,065
Social security costs	4,591	3,964
Other pension costs	1,671	1,584
	<b>46,563</b>	<b>40,613</b>

**NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)**

**6. STAFF COSTS (continued)**

Other pension costs comprise:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit schemes – current service cost	<b>27</b>	30
Defined contribution schemes	<b>1,644</b>	1,554
	<b>1,671</b>	1,584

The current service cost has been calculated using the projected unit method.

Other pension costs include contributions to the Inviron Pension Plan for the amount of £1,157,000 (2007: £1,044,000) and the balance is to other defined contribution industry schemes. Included within other creditors is £141,000 (2007: £137,000) representing one month's pension contributions accrued but not paid over to the relevant schemes.

The average number of employees during the year was made up as follows:

	<b>2008</b>	<b>2007</b>
	<b>No.</b>	<b>No.</b>
Administrative staff	<b>356</b>	314
Frontline operatives	<b>718</b>	680
	<b>1,074</b>	994

There are nine employees who were formerly members of the ESPS section of the ABB Limited Pension Scheme and joined the Inviron Plan on 1 April 2004 on special terms. Those terms are that Inviron has promised to provide these members with the same benefits they would have enjoyed had they remained in the ABB Scheme. Each member's defined contribution account will be used to purchase benefits at retirement, but if these benefits are lower than those promised Inviron will provide sufficient extra monies to make up the differences in benefits.

The figures below are in relation to the undertaking provided to these nine members only.

The financial statements in the current and prior year have been prepared on the basis that no member would decide to transfer their benefits accrued prior to April 2004 across from the ABB Limited Pension Scheme.

The valuation has been performed in order to assess the disclosures required under FRS 17 as at 31 December 2008 by an independent qualified actuary.

The main assumptions on which these figures have been based are:

**Actuarial assumptions**

	<b>31 December</b>	31 December
	<b>2008</b>	2007
Rate of general increases in salaries	<b>4.20%p.a</b>	3.50%p.a
Rate of increase in pensions in payment and deferred pensions	<b>2.70%p.a</b>	3.25%p.a
Discount rate	<b>6.40%p.a</b>	5.75%p.a
Inflation assumption	<b>2.70%p.a</b>	3.25%p.a

**NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)**

**6. STAFF COSTS (continued)**

Recent studies have shown that mortality varies significantly by occupation, location and pension size. Therefore, the mortality assumption this year has been assumed to be in line with the latest 00 series tables issued by the Institute of Actuaries less an assumption that members will live for 3 years less than predicted using an age rating of 3 years to reflect such studies.

The overall effect of this change on the Scheme's liabilities is to increase those liabilities by around 2%.

Mortality last year had been assumed to be in line with the PMA 92 series tables projected to calendar year 2020.

The assets and estimated liabilities of the pension scheme are shown below:

	<b>2008</b>	<i>2007</i>
	<b>£'000</b>	<i>£'000</i>
Total fair value of assets	<b>153</b>	127
Present value of scheme liabilities	<b>(195)</b>	(145)
Deficit in the scheme	<b>(42)</b>	(18)

**Future expected rates of return**

	<b>31 December</b>	31 December
	<b>2008</b>	<i>2007</i>
Equity and Property	<b>7.40%p.a</b>	7.65%
Bonds	<b>5.40%p.a</b>	5.65%
Cash	<b>1.50%p.a</b>	4.65%

**Analysis of amount recognised in statement of total recognised gains and losses (STRGL):**

	<b>2008</b>	<i>2007</i>
	<b>£'000</b>	<i>£'000</i>
Actual return less expected return on pension scheme assets	<b>(19)</b>	(1)
Experience losses arising on pension scheme liabilities	<b>(16)</b>	(14)
Changes in assumptions underlying the present value of the liabilities	<b>13</b>	(2)
Actuarial loss recognised in STRGL	<b>(22)</b>	(17)

Contributions paid by the Company to the Scheme during the year ended 31 December 2008 amounted to £25,000 (2007: £23,000).

NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)

6. STAFF COSTS (continued)

Analysis of Movement in (deficit) / surplus during the year

	2008 £'000	2007 £'000
(Deficit) / surplus in scheme at beginning of the year	(18)	5
Movement in the year:		
Current service cost	(27)	(30)
Contributions	25	23
Other finance income (note 7)	-	1
Actuarial loss	(22)	(17)
(Deficit) /surplus in respect of the scheme at end of the year	(42)	(18)

History of experience gains and losses

	2008 £'000	2007 £'000
<i>Difference between the expected and actual return on Pension scheme assets:</i>		
Amount	(19)	(1)
Percentage of Pension scheme assets	(12.4%)	(0.8%)
<i>Experience (losses) on Pension scheme liabilities:</i>		
Amount	(16)	(14)
Percentage of the present value of the Pension scheme liabilities	(8.0%)	(9.7%)
<i>Total amount recognised in the statement of total recognised gains and losses:</i>		
Amount	(22)	(17)
Percentage of the present value of the Pension scheme liabilities	(11.0%)	(11.7%)

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £'000	2007 £'000
Interest received on bank accounts	415	271
Other finance income – pension scheme:		
Expected return on pension scheme assets	9	7
Interest on pension scheme liabilities	(9)	(6)
	-	1
	415	272

NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
Bank charges	<u>28</u>	<u>22</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:

	2008 £'000	2007 £'000
<b>UK Corporation tax</b>		
UK Corporation tax	-	-
Adjustments in respect of previous periods	-	-
Total current tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	983	(2,957)
Effect of changes in tax rate on opening liability	(17)	-
	<u>966</u>	<u>(2,957)</u>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.5% (2007: 30.0%). The differences are reconciled below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	<u>3,045</u>	<u>1,474</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30.0%).	868	442
Effect of:		
Expenses not deductible for tax purposes	120	106
Capital allowances in excess of depreciation	(72)	-
Depreciation in excess of capital allowances	-	62
Utilisation of brought forward tax losses	(989)	(615)
Other timing differences	73	5
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The Company has tax losses of £5,529,000 (2007: £8,999,000) available for use against future trading profits. A deferred tax asset is held in respect of these losses as shown below.

NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Deferred taxation

The movements in deferred taxation during the current year are as follows:

	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
At 1 January	<b>(2,957)</b>	-
Recognised in the year	-	(2,957)
Origination and reversal of timing differences	<b>966</b>	-
At 31 December	<b>(1,991)</b>	(2,957)

The deferred tax asset recognised in the accounts at 28% is as follows:

	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Depreciation in excess of capital allowances	<b>328</b>	566
Other timing differences	<b>1,663</b>	2,391
	<b>1,991</b>	2,957

10. FIXED ASSETS

	<b>Fixtures and Fittings</b>	<b>Computer Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cost:			
At 1 January 2008	1,038	340	1,378
Additions during the year	<b>278</b>	<b>41</b>	<b>319</b>
At 31 December 2008	<b>1,316</b>	<b>381</b>	<b>1,697</b>
Depreciation:			
At 1 January 2008	675	247	922
Charged during the year	<b>217</b>	<b>61</b>	<b>278</b>
At 31 December 2008	<b>892</b>	<b>308</b>	<b>1,200</b>
Net book value at 31 December 2008	<b>424</b>	<b>73</b>	<b>497</b>
Net book value at 31 December 2007	363	93	456

11. STOCKS

	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Work in progress:		
Costs to date less provision for contract losses	<b>9,660</b>	9,292
Less: applicable payments on account	<b>(2,169)</b>	(2,206)
	<b>7,491</b>	7,086

**NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)**

**12. DEBTORS**

	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Trade debtors	<b>15,912</b>	14,657
Other debtors	<b>442</b>	257
Deferred tax (note 9)	<b>1,991</b>	2,957
Prepayments and accrued income	<b>1,028</b>	627
Amounts recoverable on contracts	<b>369</b>	340
	<b>19,742</b>	18,838

The deferred tax asset is expected to be utilised within five years.

Amounts falling due after one year included in other debtors above are:

	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Rent deposit deed	<b>46</b>	46

The rent deposit deed is subject to a legal charge against the full balance.

**13. CREDITORS:** Amounts falling due within one year

	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Trade creditors	<b>18,360</b>	16,205
Other creditors	<b>1,856</b>	2,008
Other taxes and social security costs	<b>2,746</b>	2,506
Accruals and deferred income	<b>2,929</b>	3,063
	<b>25,891</b>	23,782

**14. PROVISIONS FOR LIABILITIES**

	<i>Contract Related £'000</i>
Provision at 1 January 2008	766
Arising during the year	<b>469</b>
Utilised during the year	<b>(608)</b>
Provision at 31 December 2008	<b>627</b>

Other contract related provisions are set up at the date of closure of contracts to recognise the cost of rectifying any outstanding defects. They are expected to be settled over the contractual period over which the liability relates to.

NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)

15. SHARE CAPITAL

*Authorised*

	No.	£
Ordinary shares of £1 each at 31 December 2008 and 31 December 2007	<u>4,000,000</u>	<u>4,000,000</u>

*Allotted, called up and fully paid*

	No.	£
Ordinary shares of £1 each at 31 December 2008 and 31 December 2007	<u>3,902,853</u>	<u>3,902,853</u>

16. DIVIDENDS

	2008 £'000	2007 £'000
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2007: 10.00p	390	-
Interim dividend for 2008: 10.00p	390	-
	<u>780</u>	<u>-</u>

The directors do not recommend the payment of a final dividend.

17. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	<i>Share Capital</i> £'000	<i>Profit and Loss Account</i> £'000	<i>Total Shareholder's Funds</i> £'000
At 1 January 2008	3,903	5,115	9,018
Retained profit for the year	-	2,079	2,079
Dividends paid in the year	-	(780)	(780)
Actuarial loss on pension scheme	-	(22)	(22)
At 31 December 2008	<u>3,903</u>	<u>6,392</u>	<u>10,295</u>

NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)

18. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Annual commitments under non-cancellable operating leases are as follows:

	<i>Land and Buildings</i>		<i>Other</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating leases which expire:				
within one year	17	24	251	445
between one and two years	67	46	606	291
between two and five years	259	503	509	556
after more than five years	303	121	-	-
	<u>646</u>	<u>694</u>	<u>1,366</u>	<u>1,292</u>

19. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of operating profit to net cash inflow from operating activities

	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Operating profit	2,658	1,224
Depreciation	278	264
(Decrease) / increase in contract provisions	(139)	417
(Increase) / decrease in stocks	(405)	2,000
(Increase) in debtors	(1,791)	(721)
Increase in creditors	2,109	111
Net cash inflow from operating activities	<u>2,710</u>	<u>3,295</u>

b) Analysis of changes in net cash

	<i>As at 1</i>	<i>Cash</i>	<i>As at 31</i>
	<i>January</i>	<i>Flow</i>	<i>December</i>
	<i>2008</i>	<i>2008</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank and in hand	<u>7,204</u>	<u>1,921</u>	<u>9,125</u>

20. CAPITAL COMMITMENTS

At 31 December 2008 (2007: £nil), there were no capital commitments contracted for but not provided.

**NOTES TO THE ACCOUNTS for the year ended 31 December 2008 (continued)**

**21. CONTINGENT LIABILITY**

At 31 December 2008 (2007: £nil), there were no outstanding contingent liabilities in respect of the Company.

The fixed and floating charge exists over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery in respect of a credit facility which is undrawn (2007: undrawn).

**22. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption under FRS8 not to disclose transactions with fellow group companies.

**23. ULTIMATE PARENT UNDERTAKING**

The Company's ultimate parent undertaking is Inviron Holdings Limited, a Company incorporated in England and Wales. The accounts of Inviron Holdings Limited are available from the Company Secretary, Inviron Holdings Limited, 3100 Park Square, Solihull Parkway, Birmingham Business Park, Birmingham, B37 7YN.

**24. ULTIMATE CONTROLLING PARTY**

In view of the Directors, there is no single controlling party due to the nature of the shareholding in Inviron Holdings Limited, the ultimate parent Company.