Vanderlande Industries

United Kingdom Limited

Annual report

for the year ended 31 March 2006

Registered no: 3298374

Vanderlande Industries United Kingdom Limited

Annual report
For the year ended 31 March 2006

Directors and advisers

Executive directors

E Boudewijn
D Hyslop
P J Gerretse

Secretary and registered office
G J Bacon
Aragon House
Hampton Court
59 Marsh Lane
Hampton-in-Arden
West Midlands
B92 0AJ

Registered Auditors
PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Solicitors
Pinsent Masons
3 Colmore Circus
Birmingham
B4 6BH

Bankers
National Westminster Bank Plc
Corporate Business Centre
103 Colmore Row
Birmingham
West Midlands
B3 3NS

Vanderlande Industries United Kingdom Limited

Directors' Report for the year ended 31st March 2006

The Directors present their report and the audited financial statements for the year ended 31st March 2006.

Principle Activities

The principle activity of the Company is the design, supply, installation and servicing of integrated material handling systems manufactured by the parent company and third parties for distribution centres, e-commerce, parcel handling, manufacturing plants and baggage handling systems at airports.

Review of Business

This is the ninth Annual Report following incorporation on 1st March 1997. The trading performance for the period was very good with excellent progress made on all significant projects. The financial results in the period were in line with expectations resulting in a reasonable level of profitability.

The level of New Orders won within the year was above forecast. This included a large project for a major UK High Street retailer.

The level of orders in hand fell, following the substantial delivery of the Heathrow Airport Terminal 5 project.

Future Development of Business

The business now has a stable customer base with good growth opportunities from small projects and maintenance contracts.

Maintenance is expected to grow further over the next few years. Recruitment is expected to continue in the short term to satisfy these additional maintenance needs and then level off.

Sales and profitability are expected to be lower than last year and stable in the medium term at more normal levels.

Financial Risk

The risks facing the Company are assessed on an ongoing basis. The Executive Directors evaluate the likelihood and potential impact of each risk and ensure appropriate action is taken to mitigate them.

A number of key risks such as liquidity, raw material prices, credit management, insurance and Health & Safety are governed by policies set directly by Vanderlande Industries BV and come under the control of Executive Directors.

Directors' report for the year ended 31 March 2006 (continued)

Dividends and Transfers to Reserves

The Directors have paid a dividend of £2,751,088 in respect of the year ended 31 March 2006 (2005: nil).

The Profit and Loss Account for the year is set out on page 6.

The profit for the year of £1,202,280 (2005: £1,463,977) was transferred to reserves.

Directors

The directors of the company during the year ended 31 March 2006 and since the year then ended, are set out below:

E Boudewijn
D Hyslop
P J Gerretse

Directors' interests in shares of the company.

The directors of the company had no interests in the shares of the company during the year ended 31 March 2006.

The company is a wholly owned subsidiary of Vanderlande Industries BV, a company incorporated in the Netherlands. As permitted by statute the directors are not required to notify the company of details of any interests in shares, debentures or options in any company in the group incorporated outside Great Britain. Any such interests, if required by statute, are disclosed in the accounts of Vanderlande Industries BV.

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 as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 March 2006. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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.

Directors' report for the year ended 31 March 2006 (continued)

Statement of disclosure of information to auditors

a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and

b) The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers LLP will be proposed at the annual general meeting.

By order of the board

D Hyslop
Director

26 January 2007

Independent auditors' report to the members of Vanderlande Industries United Kingdom Limited

We have audited the financial statements of Vanderlande Industries United Kingdom Limited for the year ended 31 March 2006 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

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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 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 March 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

26 January 2007

Profit and loss account
for the year ended 31 March 2006

	Notes	2006	2005
		£	£
Turnover	2, 3	**109,857,633**	40,475,059
Cost of sales		**(96,178,342)**	(33,857,844)
Gross profit		**13,679,291**	6,617,215
Net operating expenses	4	**(8,018,276)**	(4,458,352)
Operating profit		**5,661,015**	2,158,863
Interest received and similar income	8	**42,811**	51,596
Interest payable and similar charges	9	**(38,977)**	(93,816)
Profit on ordinary activities before taxation		**5,664,849**	2,116,643
Tax on profit on ordinary activities	10	**(1,711,481)**	(652,666)
Profit on ordinary activities after taxation	17	**3,953,368**	1,463,977
Dividends		**(2,751,088)**	-
Profit for the year		**1,202,280**	1,463,977

All items included in the above profit and loss account relate to continuing operations.

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheet as at 31 March 2006

	Notes	2006	2005
		£	£
Fixed assets			
Tangible assets	11	**515,599**	562,080
Current assets			
Stocks	12	**462,829**	4,118,916
Debtors due within one year	13	**12,081,774**	14,025,048
Debtors due after one year	13	**1,376,926**	408,854
Cash at bank and in hand		**5,662,066**	2,358,049
		19,583,595	20,910,867
Creditors: Amounts falling due within one year	14	**(15,095,826)**	(17,671,859)
Net current assets		**4,487,769**	3,239,008
Total assets less current liabilities		**5,003,368**	3,801,088
Total net assets		**5,003,368**	3,801,088
Capital and reserves			
Called up share capital	16	**1,050,000**	1,050,000
Profit and loss account	17	**3,953,368**	2,751,088
Shareholders' funds	18	**5,003,368**	3,801,088
Shareholders' Funds			
Equity shareholders' funds		**4,203,368**	3,001,088
Non-Equity shareholders' funds		**800,000**	800,000
		5,003,368	3,801,088

These financial statements were approved by the board of directors on the date shown below and were signed on its behalf by:

D Hyslop
Director

26 January 2007

Notes to the financial statements for the year ended 31 March 2006

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention. The company has adopted the provisions of FRS 25 'Financial instruments' but this has had no impact on the results for the year.

Turnover

Turnover comprises the value of work performed during the year on contracts, and the invoiced amount of the supply of miscellaneous goods and services, excluding VAT.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their residual values on a straight-line basis over the expected useful economic lives of the assets concerned. The periods over which assets are depreciated are:

Short leasehold improvements	10 to 15 years
Plant and machinery	3 to 10 years

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost, and net realisable value. Cost represents purchase price or production cost incurred including labour and attributable overheads based on normal levels of activity.

Long-term contracts

The amount of long-term contracts is stated at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments made on account not matched with turnover and is included in work in progress. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on long term contracts. Payments in excess of recorded turnover and long-term contract balances are included in creditors as payments received on account on long term contracts.

Notes to the financial statements (continued)

1 Principal accounting policies (continued)

Pensions

The company operates a stakeholder pension scheme for its employees. Contributions to the scheme are charged to the profit and loss account in the period to which they relate.

The company operates a defined benefit scheme. However, all employees have ceased accruing benefits under this scheme and are instead contributing to the stakeholder pension scheme. The defined benefit scheme is no longer available to employees of the company. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

The scheme liabilities and the scheme assets are measured at each balance sheet date. The scheme assets are measured at fair value. The scheme liabilities are measured on an actuarial basis. The difference between the fair value of the scheme assets and the actuarial value of the scheme liabilities is a surplus or deficit that is recognised as an asset or liability on the company's balance sheet. A surplus is only recognised to the extent that the company has access to future economic benefit from the surplus through either reduced contributions or refunds from the scheme. Changes in the scheme assets and scheme liabilities are reported in the profit and loss account or the statement of recognised gains and losses depending on the nature of the change.

In accordance with FRS 17 the surplus on the scheme has not been recognised as Vanderlande Industries UK Limited does not have access to future economic benefit from the surplus through either reduced contributions or refunds from the scheme.

The company provides no other post retirement benefits to its employees.

Cash flow statement and related party transactions

The Company is a wholly owned subsidiary of Vanderlande Industries BV and is included in the consolidated financial statements of Vanderlande Industries BV. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of the Financial Reporting Standard No.1 (Revised). The company is also exempt under the terms of the Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Vanderlande Industries BV group.

Notes to the financial statements (continued)

1 Principal accounting policies (continued)

Foreign currency

Transactions undertaken which are determined in foreign currencies are translated into sterling at the rate of exchange at the date of transaction. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange at that date. All exchange differences are taken to the profit and loss account.

Deferred taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

2 Segmental analysis by class of business

	2006	2005
	£	£
Project Sales	**106,559,430**	36,608,245
Maintenance Sales	**3,298,203**	3,866,814
	109,857,633	40,475,059

3 Analysis by geographical area

By destination	**2006**	2005
	£	£
United Kingdom	**107,409,196**	40,475,059
Europe	**2,448,437**	-
	109,857,633	40,475,059

4 Net operating expenses

	2006	2005
	£	£
Administrative expenses	**8,018,276**	4,458,352

Notes to the financial statements (continued)

5 Directors' emoluments

	2006	2005
	£	£
Aggregate emoluments	**107,795**	105,973
Company pension contributions to defined contribution scheme	**27,514**	11,649
Company pension contributions to defined benefit scheme	-	-
	135,309	117,622

6 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	2006	2005
	Number	Number
Selling	**18**	19
Production	**97**	70
Administration	**18**	14
	133	103

	2006	2005
Staff costs (for the above persons)	**£**	£
Wages and salaries	**5,046,778**	3,680,212
Social security costs	**526,385**	385,475
Other pension costs (see note 15)	**265,030**	218,784
	5,838,193	4,284,471

Vanderlande Industries United Kingdom Limited

Notes to the financial statements (continued)

7 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

		2006 £	2005 £
Depreciation	- owned assets	**162,928**	136,705
Loss on disposal of fixed assets		**6,666**	4,053
Auditors' remuneration	- audit services	**36,937**	18,000
	- taxation services	**10,320**	10,995
Operating lease charges	- plant and machinery	**15,444**	15,444
	- other	**244,581**	209,771
	- land and buildings	**208,395**	208,395

8 Interest receivable and similar income

	2006 £	2005 £
Bank interest	**42,811**	51,596
	42,811	51,596

9 Interest payable and similar charges

	2006 £	2005 £
Bank overdraft and other borrowings	**38,977**	93,816
	38,977	93,816

10 Tax on profit on ordinary activities

Analysis of charge for the period	2006 £	2005 £
- Current year tax charge	**1,734,521**	658,509
- Prior year tax charge	**(5,660)**	(10,514)
Total current tax	**1,728,861**	647,995
Deferred tax:		
- Origination and reversal of timing differences	**(17,380)**	4,671
Total deferred tax	**(17,380)**	4,671
Total tax charge	**1,711,481**	652,666

Notes to the financial statements (continued)

10 Tax on profit on ordinary activities (continued)

	2006 £	2005 £
Factors effecting the tax charge for the period		
Profit on ordinary activities before tax	**5,664,849**	2,116,643
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005:30%)	**1,699,455**	634,994
Effects of:		
- Expenses not deductable for tax purposes	**25,012**	16,118
- Accelerated capital allowances and other timing differences	**10,054**	7,397
- Adjustments in respect of prior years	**(5,660)**	(10,514)
Total current tax	**1,728,861**	647,995

11 Tangible fixed assets

	Short leasehold improvements £	Plant and Machinery £	Total £
Cost			
At 1 April 2005	191,050	792,986	984,036
Additions	-	123,113	123,113
Disposals	-	(77,581)	(77,581)
At 31 March 2006	**191,050**	**838,518**	**1,029,568**
Depreciation			
At 1 April 2005	68,152	353,804	421,956
Charge for the year	19,137	143,791	162,928
Disposals	-	(70,915)	(70,915)
At 31 March 2006	**87,289**	**426,680**	**513,969**
Net book value			
At 31 March 2006	**103,761**	**411,838**	**515,599**
At 31 March 2005	122,898	439,182	562,080

Notes to the financial statements (continued)

12 Stocks

	2006	2005
	£	£
Work in progress	**462,829**	4,118,916

13 Debtors

	2006	2005
	£	£
Due within one year		
Trade debtors	**10,784,064**	12,945,593
Amounts recoverable on contracts	**944,580**	736,215
Prepayments and accrued income	**298,714**	261,465
Amounts owed by group undertakings	**6,228**	50,967
Deferred tax asset (see below)	**48,188**	30,808
	12,081,774	14,025,048
Due after one year		
Amounts recoverable on contracts	**1,376,926**	408,854

	2006	2005
Analysis of deferred tax asset balance	£	£
Accelerated capital allowances	**(5,235)**	(11,836)
Short term timing differences	**45,866**	36,708
Pension provision	**7,557**	5,936
	48,188	30,808

14 Creditors amounts falling due within one year

	2006	2005
	£	£
Trade creditors	**5,909,944**	1,819,699
Corporation tax	**858,347**	340,027
Other taxation and social security	**2,078,845**	2,893,049
Other creditors	**152,887**	122,363
Payments on account on long term contracts	**1,304,451**	5,294,535
Accruals and deferred income	**982,683**	1,649,941
Amounts owed to group undertakings	**3,808,669**	5,552,245
	15,095,826	17,671,859

Notes to the financial statements (continued)

15 Pension and similar obligations

The company operates a defined benefit scheme called the Vanderlande Industries Retirement Benefits Scheme and the last full funding valuation was carried out as at 1 January 2005. A qualified independent actuary updated the results of that valuation to 31 March 2006 to obtain the figures in this disclosure note. The Projected Unit valuation method has been used. The major financial assumptions used by the actuary were:

	As at 31 March 2006 %	As at 31 March 2005 %
Discount Rate	**5.50**	5.50
Rate of increase in salaries	**N/A**	N/A
Rate of increase in pensions in payment	**3.00**	3.00
Inflation assumption	**3.00**	3.00
Increase to deferred benefits during deferment	**3.00**	3.00
Age of retirement	**65 years**	65 years

The assets in the scheme and the expected rates of return were:

	Long-term rate of Return expected at 31 March 2006 %	**Value at 31 March 2006 £'000**	Long-term rate of Return expected at 31 March 2005 %	Value at 31 March 2005 £'000
Equities	**7.75**	**1,026**	7.75	790
Property	**7.25**	**66**	7.25	45
Bonds	**5.00**	**69**	5.00	77
Others	**4.00**	**46**	4.00	45
Total market value of assets		**1,207**		957
Present value of scheme liabilities		**(1,095)**		(880)
Surplus in the scheme		**112**		77
Related deferred tax liability		**(34)**		(23)
Net pension asset		**78**		54

Notes to the financial statements (continued)

15 Pension and similar obligations (continued)

In accordance with FRS 17 the above asset has not been recognised as Vanderlande Industries UK Limited does not have access to future economic benefit from the surplus through either reduced contributions or refunds from the scheme.

If the above amounts had been recognised in the financial statements, the company's net assets and profit and loss account reserve at 31 March 2006 would be as follows:

	31 March 2006 £'000	31 March 2005 £'000
Net assets excluding pension asset	**5,003**	3,801
Pension surplus	**78**	54
Net assets including pension asset	**5,081**	3,855
Profit and loss reserve excluding pension asset	**3,953**	2,751
Pension surplus	**78**	54
Profit and loss reserve including pension asset	**4,031**	2,805

Contributions to the stakeholder defined contribution pension scheme during the year amounted to £265,030 (2005: £218,784).

The following amounts have not been recognised in the performance statements in the year to 31 March 2006 under the requirements of FRS 17:

Analysis of the amount that would be charged to operating profit	**2006 £'000**	2005 £'000
Current service cost	**-**	-
Gain on settlement	**-**	-
Total operating charge	**-**	-

Analysis of amount credited to other finance income	**2006 £'000**	2005 £'000
Expected return on pension scheme assets	**70**	84
Interest on pension scheme liabilities	**(48)**	(54)
Net finance income	**22**	30

Notes to the financial statements (continued)

15 Pension and similar obligations (continued)

Statement of total recognised gains and losses (STRGL)	2006	2005
	£ '000	£'000
Actual return less expected return on pension scheme assets	185	17
Experience gains and losses arising on the scheme liabilities	(3)	(88)
Changes in assumptions underlying the present value of the scheme liabilities	(169)	(101)
Actuarial gain/(loss) recognised in STRGL	13	(172)

Analysis of movement in deficit during the year	2006	2005
	£'000	£'000
Surplus/(deficit) in scheme at beginning of the year	77	219
Movement in year:		
- Contributions	-	-
- Service cost	-	-
- Curtailment gains	-	-
- Other finance income/(charges)	22	30
- Actuarial (loss)/gain recognised in STRGL	13	(172)
Surplus in scheme at end of the year	112	77

Details of experience gains and losses for the year	2006	2005
Difference between the expected and actual return on scheme assets:		
- Amount (£'000)	185	17
- Percentage of scheme assets	15%	2%
Experience gains and losses on scheme liabilities:		
- Amount (£'000)	(3)	(88)
- Percentage of the present value of the scheme liabilities	-	(10%)
Total amount recognised in statement of total recognised gains and losses:		
- Amount (£'000)	13	(172)
- Percentage of the present value of the scheme liabilities	1%	(20%)

Notes to the financial statements (continued)

16 Called up share capital

	2006 £	2005 £
Authorised		
500,000 ordinary shares of £1 each	**500,000**	500,000
1,000,000 redeemable ordinary shares of £1 each	**1,000,000**	1,000,000
	1,500,000	1,500,000
Allotted, called up and fully paid		
250,000 ordinary shares of £1 each	**250,000**	250,000
800,000 redeemable ordinary shares of £1 each	**800,000**	800,000
	1,050,000	1,050,000

The company may, at any time since 31 March 2006, give not less than four weeks prior notice in writing to the holders of the redeemable shares of its intention to redeem all or part of the issued and fully paid up redeemable shares.

In all other respects, the redeemable shares shall rank pari passu with the ordinary shares.

17 Profit and loss account

	2006 £	2005 £
Profit after tax	**3,953,368**	1,463,977
Dividend	**(2,751,088)**	-
Increase in reserves	**1,202,280**	1,463,977
Opening reserves	**2,751,088**	1,287,111
Closing reserves	**3,953,368**	2,751,088

Notes to the financial statements (continued)

18 Reconciliation of movements in shareholders funds

	2006 £	2005 £
Profit after tax	**3,953,368**	1,463,977
Dividend	**(2,751,088)**	-
Increase in shareholders funds	**1,202,280**	1,463,977
Opening shareholders' funds	**3,801,088**	2,337,111
Closing shareholders funds	**5,003,368**	3,801,088

19 Capital commitments

	2006 £	2005 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**3,500**	3,233

20 Financial commitments

At the 31 March 2006 the company had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings £	Others £
Expiring within one year	-	**93,754**
Expiring between two and five years	**88,800**	**191,106**
Expiring over five years	**119,595**	-
	208,395	**284,860**

21 Immediate parent company

The directors regard Vanderlande Industries BV (Netherlands) to be the immediate parent, in view of its 100% ownership of the company's ordinary share capital. Accounts are available from Vanderlandelaan 2, 5466 RB Veghel, Postbus 18, Netherlands.

22 Ultimate controlling party

The directors regard Vanderlande Industries BV to be the ultimate parent and controlling party.