

Registered Number 935333

SNFA Bearings Limited

Annual report

For the year ended 31 December 2005



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SNFA Bearings Limited

Annual report

For the year ended 31 December 2005

Contents

Directors and advisers for the year ended 31 December 2005	1
Directors' report for the year ended 31 December 2005	2
Directors' responsibilities	4
Independent auditors' report to the members of SNFA Bearings Limited.....	5
Profit and loss account for the year ended 31 December 2005.....	6
Balance sheet as at 31 December 2005	8
Cash flow statement for the year ended 31 December 2005.....	9
Accounting policies.....	10
Notes to the financial statements for the year ended 31 December 2005	12

SNFA Bearings Limited

Directors and advisers for the year ended 31 December 2005

Executive directors

JF Lamit - Chairman and Managing Director

J Vahanian-Poghossian

Non-executive directors

MA Luthi – resigned 21st April 2005

GA Smith FCA

MM Upward

Secretary and registered office

MJ Sharpe FCMA

Wotton Road

Charfield

Near Wotton-under-Edge

Gloucestershire

GL12 8SP

Auditors

PricewaterhouseCoopers LLP

31 Great George Street

Bristol

BS1 5QD

Bankers

Lloyds TSB Bank plc

Corn Street

Bristol

BS99 7LE

SNFA Bearings Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal activities

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

The principal activity of the company during the year has continued to be the production and sale of bearings used in the aerospace and machine tools industries.

Review of business

Growth in the export markets, particularly the U.S., was again strong and well above target, although activity in the UK market was more modest. Price competition is fierce, but service and product availability are also of critical importance in winning orders.

Trading is forecast to continue at a similar level for 2006.

Dividends

No dividend has been declared or paid for the year ended 31 December 2005 (2004: £Nil).

Directors

The directors of the company at 31 December 2005 were:

Mr J F Lamit (French) – Chairman and Managing Director

Mr G A Smith FCA – Non-Executive Director

Mr M M Upward – Non-Executive Director

Mr M A Luthi (Swiss) – Non-Executive Director (resigned 21st April 2005)

Mr J Vahanian-Poghossian (French) – Executive Director

Fixed assets

The movements in fixed assets during the year are set out in note 9 to the accounts.

Market value of interest in land

In the opinion of the directors, the current open market value on an existing use basis of the company's land and buildings at Charfield exceeded the historical cost of £76,608 (2004: £65,006) at which they are included in the balance sheet at 31 December 2005.

Directors' interests

According to the register kept under section 325 of the Companies Act 1985, neither of the UK directors of the company had an interest in the shares of the company nor of any other company in the group, at any time during the year ended 31 December 2005. Overseas directors are, by statutory instrument, exempt from notifying the company of their interests.

SNFA Bearings Limited

Charitable contributions

The contributions made by the company during the year for charitable purposes were £34 (2004: £92).

Description	£
Little Sisters of the Poor (National Charity)	30
Macmillan Nurses (National Charity)	4
	34

Close company

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

Auditors

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

By order of the board



Secretary

25th April 2006

SNFA Bearings Limited

Directors' responsibilities

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

SNFA Bearings Limited

Independent auditors' report to the members of SNFA Bearings Limited

We have audited the financial statements of SNFA Bearings Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 2005 and of its profit and cash flows 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
Bristol
25th April 2006

SNFA Bearings Limited

Profit and loss account for the year ended 31 December 2005

	Notes	2005 £	As restated 2004 £
Turnover	1	10,037,392	8,753,326
Change in stock of finished goods and work in progress		123,109	(299,354)
Raw materials and consumables		(4,102,425)	(3,368,860)
Other external charges		(632,021)	(618,695)
Staff costs	2	(2,688,498)	(2,431,324)
Depreciation		(233,344)	(274,590)
Other operating charges	5	(910,481)	(890,957)
Operating profit		1,593,732	9869,546
Other interest receivable and similar income		10,223	1,516
Interest payable and similar charges	6	-	(15,380)
Other interest charges	15	(77,000)	(82,000)
Profit on ordinary activities before taxation	7	1,526,955	773,682
Tax on profit on ordinary activities	8	(459,757)	(230,575)
Profit on ordinary activities after taxation		1,067,198	543,107
Dividend		-	-
Profit retained for the year		1,067,198	543,107

All of the company's turnover and profit was generated from continuing activities.

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

SNFA Bearings Limited

Statement of total recognised gains and losses for the year ended 31 December 2005

	2005 £	As restated 2004 £
Profit for the financial year	1,067,198	532,907
Actuarial gain/(loss) on defined benefit pension scheme	149,000	(118,000)
Movement on deferred tax asset relating to the pension scheme deficit	(44,700)	35,400
Total recognised gains and losses for the financial year	1,171,498	450,307
Prior year adjustment – FRS 17	(1,603,700)	
Total recognised loss for the financial year	(432,202)	

The notes on pages 10 to 21 form part of these financial statements.

SNFA Bearings Limited

Balance sheet as at 31 December 2005

	Notes	2005 £	As restated 2004 £
Fixed assets			
Tangible assets	9	1,268,137	946,442
Investments - shares in group companies	10	2	2
		1,268,139	946,444
Current assets			
Stocks	11	3,399,467	3,053,028
Debtors	12	1,601,647	1,678,158
Cash at bank and in hand		563,447	91,676
		5,564,561	4,822,862
Creditors: amounts falling due within one year	13	(1,223,951)	(1,374,951)
Net current assets		4,340,610	3,447,911
Total assets less current liabilities		5,608,749	4,394,355
Provisions for liabilities and charges	14	(65,080)	(36,184)
Net assets excluding pension liability		5,543,669	4,358,171
Pension liability		(1,701,700)	(1,687,700)
Net assets including pension liability	15	3,841,969	2,670,471
Capital and reserves			
Called-up share capital	16	1,000,000	1,000,000
Profit and loss account		2,841,969	1,670,471
Equity shareholders' funds	21	3,841,969	2,670,471

The financial statements on pages 6 to 21 were approved by the board of directors on 25th April 2006 and were signed on its behalf by:

Director



SNFA Bearings Limited

Cash flow statement for the year ended 31 December 2005

	Notes	31 December 2005		As restated 31 December 2004	
		£	£	£	£
Net cash inflow from operating activities	17		1,397,684		597,066
Returns on investments and servicing of finance					
Interest received		10,223		1,516	
Interest paid		-		(15,380)	
Net cash (outflow) from returns on investments and servicing of finance			10,223		(13,864)
Taxation					
Corporation tax paid			(384,879)		(195,123)
Capital expenditure and financial investments					
Purchase of tangible fixed assets		(580,876)		(147,988)	
Proceeds from sale of tangible fixed assets		29,619		-	
			(551,257)		(147,988)
Cash inflow before management of liquid resources and financing			471,771		240,091
Loan repayment			-		(100,000)
Increase/(decrease) in cash	18, 19		471,771		140,091

SNFA Bearings Limited

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, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Changes in accounting policies

The company has adopted Financial Reporting Standard 17 'Retirement benefits' in the financial statements. The adoption of the standard represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 was to increase staff costs by £92,000 (2004: decrease of £2,000) and to increase other finance expense by £77,000 (2004: £82,000), to decrease profit for the year by £118,300 (2004: £79,800) and to decrease total losses by £1,597,700 (2004: £1,603,700).

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods sold.

Depreciation

Depreciation has been calculated on a straight line basis by reference to the expected useful lives of the assets concerned, using the following annual rates:

Buildings	5%
Plant and equipment	15-33%
Motor vehicles	25%

Freehold land is not depreciated. No depreciation is charged on assets under construction.

Stocks and work in progress

Stocks and work in progress have been valued at the lower of cost and net realisable value. Cost, in the case of work in progress and manufactured finished goods, includes direct labour and appropriate factory overheads.

Deferred taxation

Full provision is made on an undiscounted basis for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation. Deferred tax assets are recognised only to the extent that they are more likely than not to be recovered.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences on exchange are included in or charged against profit for the year in which they arise.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account as incurred over the lease term.

SNFA Bearings Limited

Pension costs

The company operates a contributory defined benefit pension scheme. 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. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variation from regular cost are spread over the expected average remaining service lives of members of the scheme. The scheme was closed to new entrants on 31st March 2005.

The company also provides a stakeholder defined contribution pension scheme which was introduced on 1st April 2005 for employees ineligible to join the defined benefit scheme. The company contributes 8% of pensionable salaries for employees in the stakeholder pension scheme.

SNFA Bearings Limited

Notes to the financial statements for the year ended 31 December 2005

1 Turnover

	2005 £	2004 £
Class of business		
External sales	6,220,248	5,320,468
Sales to group companies	3,817,144	3,432,858
	10,037,392	8,753,326
Geographical analysis		
United Kingdom	1,865,392	1,808,051
North America	2,428,528	1,681,731
Europe and elsewhere	5,743,472	5,263,544
	10,037,392	8,753,326

2 Staff costs

	2005 £	As restated 2004 £
Staff costs		
Directors' emoluments (excluding pension costs and other benefits)	115,937	135,874
Wages and salaries	2,083,257	1,911,883
Social security costs	175,498	166,979
Other pension costs	313,806	216,588
	2,688,498	2,431,324

3 Directors' emoluments

	2005 £	2004 £
Aggregate emoluments	117,040	155,451

One executive director was a member of the defined benefit scheme and was so in the previous year.

SNFA Bearings Limited

4 Employee information

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

	2005 Number	2004 Number
By function		
Production	57	57
Non-production	30	30
	87	87

5 Other operating charges

	2005 £	As restated 2004 £
Distribution costs	179,725	159,401
Administrative expenses	705,778	710,452
	885,503	869,853
Add: Other operating costs	24,978	21,104
	910,481	890,957

6 Interest payable and similar charges

	2005 £	2004 £
Interest payable on bank overdrafts	-	6,398
Interest payable on loans	-	8,982
	-	15,380

7 Profit on ordinary activities before taxation

	2005 £	As restated 2004 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Loss/(profit) on sale of fixed assets	(3,782)	1,261
Pension costs	313,806	182,588
Depreciation	233,344	274,590
Auditors' remuneration for audit	18,400	19,131
Auditors' remuneration for non-audit services	8,670	20,450
Hire of plant and machinery	2,040	2,040
Hire of other assets - operating leases	26,326	30,818
Loss on foreign exchange transactions	28,997	43,834

SNFA Bearings Limited

8 Tax on profit on ordinary activities

	2005 £	As restated 2004 £
Current Tax		
UK corporation tax on profits for the year	484,090	252,859
Adjustment in respect of prior years	(2,529)	(6,952)
	481,561	245,907
Deferred Tax:		
Origination and reversal of timing differences	(21,804)	(15,332)
Total tax charge	459,757	230,575

The tax assessed for the period differs to the standard rate of Corporation Tax in the UK (30%), as explained below:

	2005 £	As restated 2004 £
Profit on ordinary activities before tax	1,526,955	773,682
UK Corporation tax at 30% (2004: 30%)	458,087	232,105
Effects of:		
Expenses not deductible for tax purposes	48,181	(29,970)
Accelerated capital allowances and other timing differences	(22,178)	50,724
Adjustments to tax charge in respect of prior years	(2,529)	(6,952)
Current tax charge for the period	481,561	245,907

9 Tangible fixed assets

	Land & Buildings £	Plant, machinery & motor vehicles £	Payments on account & assets under construction £	Total £
Cost				
At 1 January 2005	431,438	4,399,904	-	4,831,342
Additions	-	164,985	415,891	580,876
Disposals	-	(203,491)	-	(203,491)
At 31 December 2005	431,438	4,361,398	415,891	5,208,727
Depreciation				
At 1 January 2005	366,432	3,518,468	-	3,884,900
Charge for year	7,538	225,806	-	233,344
Disposals	-	(177,654)	-	(177,654)
At 31 December 2005	373,970	3,566,620	-	3,940,590
Net book value at				
31 December 2005	57,468	794,778	415,891	1,268,137
Net book value at				
31 December 2004	65,006	881,436	-	946,442

SNFA Bearings Limited

10 Fixed asset investments

The wholly owned subsidiary, Aero-Bearings (Charfield) Limited, has a nominal capital of £100, of which £2, representing 2 ordinary shares of £1 each, is issued and fully paid. The company is registered in England and Wales and does not trade.

11 Stocks

	2005 £	2004 £
Raw materials and bought in components	629,789	406,459
Work in progress	836,469	808,249
Finished goods	1,933,209	1,838,320
	3,399,467	3,053,028

12 Debtors

	2005 £	As restated 2004 £
Amounts falling due within one year		
Trade debtors	939,178	1,149,595
Amounts owed by group undertakings	588,694	486,797
Prepayments and accrued income	73,775	41,766
	1,601,647	1,678,158

13 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	223,061	259,021
Amounts owed to group undertakings	333,542	505,627
Corporation tax payable	257,690	161,008
Other taxation and social security payable	76,192	94,613
Accruals and deferred income	333,466	354,682
	1,223,951	1,374,951

SNFA Bearings Limited

14 Provisions for liabilities and charges

Deferred taxation

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability, are as follows:

	2005 £	Provided 2004 £	2005 £	As restated Unprovided 2004 £
Timing differences:				
Excess of tax allowances over depreciation	(71,444)	(41,376)	(11,620)	(11,620)
Other short term timing differences	6,364	5,192	-	-
Deferred tax provision excluding deferred tax on pension deficit	(65,080)	(36,184)	(11,620)	(11,620)
Pension deficit	729,300	723,300	-	-
Deferred taxation asset / (liability)	664,220	687,116	(11,620)	(11,620)

	2005 £	As restated 2004 £
At 1 January	687,116	663,716
(Charged)/credited to the statement of total recognised gains and losses	(44,700)	35,400
Credited to the profit and loss account	(21,804)	15,332
At 31 December	664,220	687,116

The company has not provided for deferred tax of £11,620 on capital gains that arose in previous years on the basis that roll over relief has been obtained.

15 Pension and similar obligations

The company operates a contributory defined benefit pension scheme providing benefits for eligible employees based on final pensionable pay. The scheme funds are administered by trustees independent of the company's finances, and are invested with insurance companies.

The most recent valuation was as at 1 April 2004. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 6.75% per annum, that salary increases would average 4.5% per annum and that present and future pensions would increase at the rate of 2.6% per annum on pensions accruing on or after 6 April 1997 and 3% per annum on pensions accrued before 6 April 1997. It was also assumed that U.K. equity dividends would increase by 4%.

SNFA Bearings Limited

At the date of the latest actuarial valuation, the market value of the scheme's assets was £4,021,000 and the actuarial value of those assets represented 92% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Company contributions were paid at the rate of 14.5% of pensionable salaries up to 30th November 2004 and thereafter at the following level:

- 7.5% of pensionable salaries
- The cost of meeting the premiums of the insured death benefits
- £9,396 per month

The contributions for employees were 8% for the year.

The total contributions made to the scheme were £181,000 (2004: £312,000).

The principal assumptions used to calculate the pension scheme liabilities for FRS17 purposes were as follows:

Valuation Method	<u>2005</u> Projected Unit	<u>2004</u> Projected Unit	<u>2003</u> Projected Unit
Discount rate	4.8%	5.3%	5.5%
Inflation rate	3.0%	3.0%	2.9%
Real salary increases	0.75%	1.5%	1.5%

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

	<u>2005</u> Long-term expected rate of return	<u>2005</u> Value	<u>2004</u> Long-term expected rate of return	<u>2004</u> Value	<u>2003</u> Long-term expected rate of return	<u>2003</u> Value
		£		£		£
Equities	6.7%	3,884,000	7.0%	3,304,000	7.0%	2,902,000
Bonds	4.4%	1,286,000	4.9%	1,072,000	4.8%	968,000
Other	4.5%	130,000	4.8%	-	3.8%	-
Market value of scheme assets	6.1%	5,300,000	6.5%	4,376,000	6.5%	3,870,000
Present value of scheme liabilities		(7,731,000)		(6,787,000)		(6,083,000)
Pension (deficit)		(2,431,000)		(2,411,000)		(2,213,000)
Related deferred tax asset		729,300		723,300		663,900
Net pension (deficit)		(1,701,700)		(1,687,700)		(1,549,100)

SNFA Bearings Limited

The following amounts have been recognised in the performance statements in the year to 31 December under the requirements of FRS 17 'Retirement Benefits'.

Analysis of the amount charged to operating profit:

	2005 £	2004 £
Operating profit		
Current service cost	(273,000)	(260,000)
Past service cost	-	(50,000)
Total operating charge	(273,000)	(310,000)

	2005 £	2004 £
Other finance charges and analysis of the amount credited to other finance income		
Expected return on pension scheme assets	287,000	254,000
Interest on pension scheme liabilities	(364,000)	(336,000)
Other finance charges	(77,000)	(82,000)
Net charge	(350,000)	(392,000)

	2005 £	2004 £
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	565,000	166,000
Change in assumptions underlying present value of liabilities	(416,000)	(284,000)
Actuarial loss recognised in STRGL	149,000	(118,000)

	2005 £	2004 £
Movement in deficit during the year		
Deficit scheme at beginning of year	(2,411,000)	(2,213,000)
Movement in year:		
Current service cost	(273,000)	(260,000)
Contributions	181,000	312,000
Past service cost	-	(50,000)
Other finance charges	(77,000)	(82,000)
Actuarial gain (loss)	149,000	(118,000)
Deficit in scheme at end of the year	(2,431,000)	(2,411,000)

SNFA Bearings Limited

Details of experience gains and losses for the year

	2005 £	2004 £	2003 £
Difference between the expected and actual return in scheme assets:			
Amount (£'000)	565,000	166,000	346,000
Percentage of scheme assets	11%	4%	9%
Experience gains and losses on scheme liabilities			
Amount (£'000)	-	-	(76,000)
(Percentage of scheme liabilities)	0%	0%	(1%)
Total amount recognised in statement of total recognised gains and losses:			
Amount (£'000)	149,000	(118,000)	(626,000)
Percentage of the present value of the scheme liabilities	2%	(2%)	(10%)

16 Called-up share capital

	2005 £	2004 £
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
1,000,000 (2000: 1,000,000) ordinary shares of £1 each	1,000,000	1,000,000

17 Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	1,593,732	903,546
Depreciation charge	233,344	274,590
Difference between pension charge and cash contributions	92,000	(2,000)
(Profit)/loss on sale of tangible fixed assets	(3,782)	1,263
Decrease/(Increase) in stocks	(346,439)	291,291
Decrease/(Increase) in debtors	76,511	(805,552)
(Decrease)/Increase in creditors	(247,682)	(32,072)
Increase/(decrease) in provisions	-	(34,000)
Net cash inflow from operating activities	1,397,684	597,066

SNFA Bearings Limited

18 Reconciliation of net cash flow to movement in net funds

	2005 £	2004 £
Increase/(decrease) in cash in the period	471,771	(11,581)
Decrease in overdraft	-	151,672
	471,771	140,091

19 Analysis of net funds

	At 1 January 2005 £	Cash flow £	At 31 December 2005 £
Cash in hand and at bank	91,676	471,771	563,447
Bank overdraft	-	-	-
	91,676	471,771	563,447

20 Financial commitments

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

	2005 £	2004 £
Expiring within one year	1,044	7,473
Expiring between two and five years inclusive	18,648	10,423
	19,692	17,896

At the year end the company had committed to capital expenditure of £406,353 (2004: £Nil).

21 Reconciliation of movements in shareholders' funds

2005	Share capital £	Profit and loss account £	Total £
At 1 January 2005 – as previously reported	1,000,000	3,274,171	4,274,171
Prior year adjustment – FRS 17 (see page 7)	-	(1,603,700)	(1,603,700)
At 1 January 2005 – restated	1,000,000	1,670,471	2,670,471
Actuarial gain on defined benefit pension scheme	-	149,000	149,000
Movement on deferred tax asset relating to pension scheme asset	-	(44,700)	(44,700)
Profit for the year	-	1,067,198	1,067,198
At 31 December 2005	1,000,000	2,841,969	3,841,969

SNFA Bearings Limited

2004	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2004 – as previously reported	1,000,000	2,651,264	3,651,264
Prior year adjustment – FRS 17	-	(1,441,300)	(1,441,300)
At 1 January 2004 – restated	1,000,000	1,209,964	2,209,964
Actuarial gain on defined benefit pension scheme	-	(118,000)	(118,000)
Movement on deferred tax asset relating to pension scheme asset	-	35,400	35,400
Profit for the year	-	543,107	543,107
At 31 December 2004	1,000,000	1,670,471	2,670,471

22 Related party transactions

The company has taken advantage of the exemption permitted by Financial Reporting Standard No 8 not to disclose any transactions with other group companies as it is a subsidiary who has 90% or more of its voting rights controlled within the group and whose ultimate parent prepares consolidated accounts, in which the company is included, which are publicly available.

The company agreed with the Trustees of the company's pension scheme to fund the option of the general manager, M M Upward, to retire from the age of 60 years on his full pension entitlement for services rendered up to retirement at a cost not exceeding £60,000. Mr Upward retired as General Manager on 19th November 2004 aged 62 years and the cost to the company was £50,000.

23 Ultimate and immediate parent companies

SNFA SAS, a company incorporated in France, is the ultimate parent company and also its ultimate controlling party. Copies of the ultimate parent's consolidated financial statements may be obtained from: SNFA SAS, 23 Boulevard de Brandenbourg, B.P. 215, 94203 Ivry Sur Seine Cedex, France.

The directors regard Holinco SA, a company incorporated in Switzerland, as the immediate parent company. According to the register kept by the company, Holinco SA has a 100% interest in the equity capital of SNFA Bearings Limited at 31 December 2005.