

# ELECO BUILDING PRODUCTS LIMITED

Registered Number: 02734227

## FINANCIAL STATEMENTS

for the year ended 30 JUNE 2006

### I N D E X

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**ELECO BUILDING PRODUCTS LIMITED****DIRECTORS' REPORT**

The Directors submit their report and accounts for the year ended 30 June 2006.

**RESULTS AND DIVIDEND**

The loss for the financial year was £271,158. The Directors do not recommend the payment of an ordinary dividend.

**REVIEW OF THE BUSINESS**

The Company's principal activity during the year was as an investment and holding company.

**DIRECTORS AND THEIR INTERESTS**

On 3 January 2006 L N Holdcroft resigned as a director of the Company.

The Directors, who served in the year, had the following interests in the ordinary share capital of the holding company, Eleco plc, at 30 June 2006:

	Ordinary Shares of 10p each		Options over Ordinary Shares of 10p each			
	At 30.6.2006 or on resignation	At 1.7.2005 or on appointment	At 30.6.2006 or on resignation	Granted during year	Exercised during year	At 1.7.2005 or on appointment
D S Dannhauser						
I A Barton (appointed 3 January 2006)	Nil	Nil	Nil	Nil	Nil	Nil

Director of Eleco plc

The interests of D S Dannhauser in the shares of the holding company are shown in the accounts of Eleco plc.

The Company maintains Directors' and Officers' Liability insurance.

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

The Directors who were members of the Board at the time of approving the Directors' Report are listed above. Having made enquiries to fellow Directors and of the Company's Auditors, each of the Directors confirms that to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's Auditors are unaware and each Director has taken all steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditors are aware of the information.

**AUDITORS**

A resolution to re-appoint the auditors, Ernst & Young LLP, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Eleco House  
15 Gentlemen's Field  
Westmill Road, Ware  
Herts SG12 0EF

21 December 2006



I.A. Barton  
Secretary

**ELECO BUILDING PRODUCTS LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Director is 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; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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. He is 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 MEMBERS OF****Eleco Building Products Limited**

We have audited the Company's financial statements for the year ended 30 June 2006 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 11. These financial statements have been prepared on the basis of 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also 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.

**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 30 June 2006 and of its result 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*

**Ernst & Young LLP**  
Registered Auditor  
Luton  
21 December 2006

**ELECO BUILDING PRODUCTS LIMITED****PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 JUNE**

		<u>2006</u>	<u>2005</u>
		<u>£</u>	<u>£</u>
	NOTES		
Administrative expenses		-	6,338
Dividend Receivable		-	-
Operating profit		<u>-</u>	<u>6,338</u>
Interest payable	3	(387,369)	(361,564)
Loss on ordinary activities before taxation		<u>(387,369)</u>	<u>(355,226)</u>
Tax on loss on ordinary activities	4	116,211	-
Loss on ordinary activities after taxation		<u><u>(271,158)</u></u>	<u><u>(355,226)</u></u>

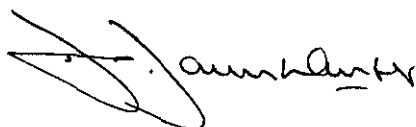
All of the Company's operations are continuing.

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

**ELECO BUILDING PRODUCTS LIMITED****BALANCE SHEET as at 30 JUNE**

	<b><u>NOTES</u></b>	<b><u>2006</u></b> <b>£</b>	<b><u>2005</u></b> <b>£</b>
<b>FIXED ASSETS</b>			
Investments:			
Shares in related companies	5	<u>5,583,124</u>	<u>5,583,124</u>
		5,583,124	5,583,124
<b>CURRENT ASSETS</b>			
Debtors	6	487,302	371,091
<b>CREDITORS : AMOUNTS FALLING</b>			
<b>DUE WITHIN ONE YEAR</b>	7	<u>(6,325,619)</u>	<u>(5,938,250)</u>
<b>NET CURRENT LIABILITIES</b>		(5,838,317)	(5,567,159)
<b>NET (LIABILITIES) / ASSETS</b>		<u>£(255,193)</u>	<u>£ 15,965</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	371,191	371,191
Profit and loss account		(626,384)	(355,226)
<b>SHAREHOLDERS' (DEFICIT) /</b>			
<b>EQUITY</b>	9	<u>£(255,193)</u>	<u>£ 15,965</u>

The financial statements on pages 4 to 8 were approved by the board of directors on 21 December 2006, and signed on its behalf by:



D.S. DANNHAUSER - DIRECTOR

**ELECO BUILDING PRODUCTS LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 30 June 2006**

**1 ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice. A summary of the more important accounting policies, which have been consistently applied, is set out below.

**Basis of accounting:**

The accounts are prepared under the historical cost convention.

The financial statements are prepared on a going concern basis as the parent company have confirmed that it will provide financial support to enable the Company to meet its financial obligations as they fall due.

**Tangible fixed assets:**

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

**Cash flow:**

The Company is a wholly owned subsidiary of Eleco plc and the cash flows of the Company are included in the consolidated group cash flow statement of Eleco plc. Consequently the Company is exempt from the requirement to publish a cash flow statement.

**Group financial statements:**

The financial statements refer only to the company as a single undertaking and are not consolidated.

The company is exempt from publishing group financial statements as it is the subsidiary of an undertaking established under the laws of an EC member and is included in the consolidated of that undertaking.

**Deferred taxation:**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date will result in an obligation to pay more tax or a right to pay less tax or to receive more tax, 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, 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 where the replacement assets are sold;

- 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 differences can be deducted.

Deferred tax is measured on an undiscounted 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.

**2 EMPLOYEES**

The Company has no employees (2005: Nil).

**3 INTEREST PAYABLE**

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Payable to Group undertakings	<u>387,369</u>	<u>361,564</u>

**ELECO BUILDING PRODUCTS LIMITED****NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2006****4 TAX ON LOSS ON ORDINARY ACTIVITIES****a) Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<u>2006</u> £	<u>2005</u> £
Profit on ordinary activities before tax	(387,369)	(355,226)
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2005: 30%)	(116,211)	(106,568)
Effects of:		
Income not chargeable for tax purposes	-	38,674
Group relief	-	106,568
Relief from double-taxation on dividends received from overseas companies	-	(38,674)
Current tax charge for the year	<u>(116,211)</u>	<u>-</u>

**b) Factors that may affect future tax charges**

Future tax charges may be affected by a similar range of factors to those listed above.

**5 SHARES IN RELATED COMPANIES**

	<u>2006</u> £	<u>2005</u> £
Investments in subsidiary undertakings:		
Consultec Group AB - (100%)	4,532,926	4,532,926
Eleco Software Limited (formerly Consultec UK Limited) - (100%)	600,305	600,305
Eleco Media Limited - (100%)	180,453	180,453
Eleco Software GmbH - (100%)	269,439	269,439
Online Warehouse Limited - (100%)	1	1
	<u>5,583,124</u>	<u>5,583,124</u>

Consultec Group AB is a trading company incorporated in Sweden, Eleco Software GmbH is a trading company incorporated in Germany and all other companies listed are incorporated in England and Wales.

**6 DEBTORS**

	<u>2006</u> £	<u>2005</u> £
Due within one year:		
Amounts owed by group undertakings	371,091	371,091
Corporation tax	116,211	-
	<u>487,302</u>	<u>371,091</u>



**ELECO BUILDING PRODUCTS LIMITED****NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2006**

<b>7 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Amount owed to parent undertaking	6,325,619	5,938,250
	<u>6,325,619</u>	<u>5,938,250</u>
<b>8 CALLED UP SHARE CAPITAL</b>	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Authorised:		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid:		
371,191 ordinary shares of £1 each	<u>371,191</u>	<u>371,191</u>
<b>9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY</b>	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Loss on ordinary activities after taxation	(271,158)	(355,226)
Dividend Payable	-	-
Net decrease in shareholders' equity	<u>(271,158)</u>	<u>(355,226)</u>
Opening shareholders' equity	15,965	371,191
Closing shareholders' (deficit) / equity	<u>(255,193)</u>	<u>15,965</u>

**10 ULTIMATE PARENT COMPANY**

The Directors regard Eleco plc, a company registered in England and Wales, as the ultimate controlling parent undertaking. Copies of the ultimate controlling parent's consolidated financial statements may be obtained from the Company Secretary, Eleco plc, Eleco House, 15 Gentlemen's Field, Westmill Road, Ware, Herts SG12 0EF. According to the Register of Members of the Company, Eleco plc has a 100% interest in the equity capital of the Company at 30 June 2006.

**11 RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of Eleco plc or subsidiaries.