

Company Registration No. 655236 (England and Wales)

SAACKE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007



SAACKE LIMITED

COMPANY INFORMATION

Directors	H H H Saacke D J Golden M J Cook
Secretary	D J Golden
Company number	655236
Registered office	Marshlands Spur Farlington Portsmouth Hampshire PO6 1RX
Auditors	Jones Avens 53 Kent Road Southsea Hampshire PO5 3HU
Business address	Marshlands Spur Farlington Portsmouth Hampshire PO6 1RX
Bankers	Lloyds TSB Bank plc Gracechurch House 23/35 Castle Way Southampton SO14 2BW
Solicitors	Blake Laphorn Tarlo Lyons Harbour Court Compass Road North Harbour Portsmouth Hampshire PO6 4ST

SAACKE LIMITED

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SAACKE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and financial statements for the year ended 31 December 2007

Principal activities and review of the business

The principal activities of the company in the period under review continued to be the development, manufacture, installation and servicing of industrial combustion and energy systems

The directors report a disappointing trading performance due to continuing difficult market conditions in the engineering sector. However, they are constantly reviewing the company's operations for cost and efficiency savings together with targeting new areas for potential sales growth

Going concern -

- (i) The directors are required under Financial Reporting Standard 17 'Retirement Benefits' to recognise the deficit on the company's defined benefit pension schemes as a liability on the face of the balance sheet but consider it inappropriate to do so at the present time. The company would have disclosed a deficiency of assets as at 31 December 2007, as fully detailed in note 14

- (ii) The company has formally agreed a deficit funding programme with The Pensions Regulator, with the firm intention of restoring the company's defined benefit schemes to surplus over the long term

- (iii) The German parent company is fully aware of the situation and supportive of the actions being taken by the directors

- (iv) The directors are therefore of the opinion and confident that the measures proposed will ensure the long term trading future of the company and will not affect the company's ability to trade normally during the year ahead. Accordingly, these financial statements have been prepared on a going concern basis

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of a dividend

Future developments

The directors are committed to ensuring that the company reacts positively to the changing needs of its customers and work will continue on the improved design, development and modification of quality products

Directors

The following directors have held office since 1 January 2007

H H H Saacke

D J Golden

M J Cook

J M Ball

(Resigned 1 October 2007)

SAACKE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary shares of £1 each	
	31 December 2007	1 January 2007
H H H Saacke	-	-
D J Golden	-	-
M J Cook	-	-

H H C G Saacke and his family indirectly control 100% of the issued share capital through the holding company Saacke GmbH

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Jones Avens be reappointed as auditors of the company will be put to the Annual General Meeting

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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,
- 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 which 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

Statement of disclosure to auditor

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board


H H H Saacke

Director

18 April 2008

SAACKE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SAACKE LIMITED

We have audited the financial statements of Saacke Limited for the year ended 31 December 2007 set out on pages 5 to 26. 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SAACKE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF SAACKE LIMITED

Adverse opinion

As more fully explained in note 14 to the financial statements the directors have not recognised the pension scheme liability on the face of the balance sheet as required by FRS 17 'Retirement Benefits'

The effect of not complying with FRS17 in this respect is that the company's profit and loss reserve at 31 December 2007 of £2,191,505 (31 December 2006 £2,563,542) and the shareholders funds of £2,273,505 (31 December 2006 £2,645,542) are both reduced by £3,744,000 (31 December 2006 £3,267,000)

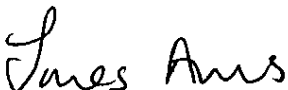
In our opinion

- Because of non compliance with FRS 17 as referred to above the financial statements do not 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 2007 and of its loss for the year then ended
- In all other respects the financial statements have been properly prepared in accordance with the Companies Act 1985

Emphasis of matter

Going concern

In forming our opinion, which is qualified with regard to the application of FRS 17, we have considered the adequacy of the disclosures made in notes 1 and 14 to the financial statements concerning the company's ability to continue as a going concern. Had FRS 17 'Retirement Benefits' been applied in full the balance sheet would have shown a deficiency of assets at 31 December 2007. This indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



Jones Avens

417108

Chartered Accountants
Registered Auditor

53 Kent Road
Southsea
Hampshire
PO5 3HU

SAACKE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Turnover	2	9,679,483	9,686,062
Cost of sales		(4,331,231)	(4,268,002)
Gross profit		5,348,252	5,418,060
Distribution costs		(159,996)	(180,150)
Administrative expenses		(5,656,992)	(5,275,695)
Other operating income		102,240	100,500
Operating (loss)/profit	3	(366,496)	62,715
Other interest receivable and similar income	4	22,366	21,206
Interest payable and similar charges	5	(29,247)	(36,121)
(Loss)/profit on ordinary activities before taxation		(373,377)	47,800
Tax on (loss)/profit on ordinary activities	6	1,340	(1,340)
(Loss)/profit for the year	16	(372,037)	46,460

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

SAACKE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	8		338,449		441,758
Current assets					
Stocks	10	938,137		927,810	
Debtors	11	4,043,894		3,914,569	
Cash at bank and in hand		474,987		877,381	
		<u>5,457,018</u>		<u>5,719,760</u>	
Creditors: amounts falling due within one year	12	<u>(3,009,987)</u>		<u>(2,948,118)</u>	
Net current assets			<u>2,447,031</u>		<u>2,771,642</u>
Total assets less current liabilities			<u>2,785,480</u>		<u>3,213,400</u>
Creditors: amounts falling due after more than one year	13		<u>(511,975)</u>		<u>(567,858)</u>
			<u>2,273,505</u>		<u>2,645,542</u>
Capital and reserves					
Called up share capital	15		82,000		82,000
Profit and loss account	16		2,191,505		2,563,542
Shareholders' funds	17		<u>2,273,505</u>		<u>2,645,542</u>

Approved by the Board and authorised for issue on 18 April 2008



D J Golden
Director

SAACKE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	£	2007 £	£	2006 £
Net cash (outflow)/inflow from operating activities		(110,303)		105,916
Returns on investments and servicing of finance				
Interest received	22,366		21,206	
Interest paid	(29,247)		(36,121)	
Net cash outflow for returns on investments and servicing of finance		(6,881)		(14,915)
Taxation		(1,340)		(9,164)
Capital expenditure				
Payments to acquire tangible assets	(76,291)		(97,671)	
Receipts from sales of tangible assets	2,400		-	
Net cash outflow for capital expenditure		(73,891)		(97,671)
Net cash outflow before management of liquid resources and financing		(192,415)		(15,834)
Management of liquid resources				
Bank deposits	59,499		504,990	
		59,499		504,990
Financing				
Repayment of other long term loans	-		(50,046)	
Repayment of other short term loans	(90,320)		(120,084)	
Capital element of hire purchase contracts	(18,203)		(28,426)	
Net cash outflow from financing		(108,523)		(198,556)
(Decrease)/increase in cash in the year		(241,439)		290,600

SAACKE LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

1	Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities		2007	2006	
			£	£	
	Operating (loss)/profit		(366,496)	62,715	
	Depreciation of tangible assets		179,600	126,539	
	Profit on disposal of tangible assets		(2,400)	-	
	Increase in stocks		(10,327)	(412)	
	Increase in debtors		(127,985)	(285,678)	
	Increase in creditors within one year		163,818	235,034	
	Net effect of foreign exchange differences		53,487	(32,282)	
	Net cash (outflow)/inflow from operating activities		(110,303)	105,916	
2	Analysis of net (debt)/funds	1 January 2007	Cash flow	Other non-cash changes	31 December 2007
		£	£	£	£
	Net cash				
	Cash at bank and in hand	800,503	(342,895)	-	457,608
	Bank overdrafts	(154,194)	101,456	-	(52,738)
		<u>646,309</u>	<u>(241,439)</u>	<u>-</u>	<u>404,870</u>
	Liquid resources				
	Bank deposits	76,878	(59,499)	-	17,379
	Debt				
	Finance leases	(37,071)	18,203	-	(18,868)
	Debts falling due within one year	(120,084)	47,199	(53,487)	(126,372)
	Debts falling due after one year	(548,990)	43,121	-	(505,869)
		<u>(706,145)</u>	<u>108,523</u>	<u>(53,487)</u>	<u>(651,109)</u>
	Net funds/(debt)	17,042	(192,415)	(53,487)	(228,860)
3	Reconciliation of net cash flow to movement in net (debt)/funds		2007	2006	
			£	£	
	(Decrease)/increase in cash in the year		(241,439)	290,600	
	Cash inflow from decrease in liquid resources		(59,499)	(504,990)	
	Cash outflow from decrease in debt and lease financing		108,523	198,555	
	Change in net debt resulting from cash flows		(192,415)	(15,835)	
	Net effect of foreign exchange differences		(53,487)	32,282	
	New finance lease		-	(18,863)	
	Movement in net (debt)/funds in the year		(245,902)	(2,416)	
	Opening net funds		17,042	19,458	
	Closing net (debt)/funds		(228,860)	17,042	

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

Going concern -

- (i) The company would disclose a deficiency of assets as at the 31 December 2007 if the pension scheme liability had been shown on the face of the balance sheet as required by Financial Reporting Standard 17 'Retirement Benefits'

- (ii) The company has formally agreed a deficit funding programme with The Pensions Regulator, with the firm intention of restoring the company's defined benefit schemes to surplus over the long term

- (iii) The directors are therefore of the opinion and confident that the company will be in a position to trade normally during the year ahead in the best interests of its creditors. Accordingly, these financial statements have been prepared on a going concern basis

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services, excluding VAT and trade discounts, for the year under review

1.4 Trade Marks

Trade Marks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost over their estimated useful lives

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	15% reducing balance
Computer equipment	20% straight line
Fixtures, fittings & equipment	15% straight line
Motor vehicles	25% straight line
Jigs and tools	25% straight line

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies

(continued)

1.7 Stock and work in progress

Stocks are stated at the lower of cost and net realisable value on a basis consistent with previous years

Work in progress has been valued at effective retail value

1.8 Pensions

Defined contribution scheme

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17

Defined benefit schemes

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

1.9 Deferred taxation

Deferred tax is provided in full in respect of all timing differences between the treatment of certain items for taxation and accounting purposes at the rate of 30% (2006 30%), as required. However, in view of the information available the directors are of the opinion that no provision for a deferred tax asset is appropriate.

1.10 Foreign currency translation

Assets, liabilities and trading transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Finance transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange differences are taken to profit and loss account.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Turnover

Geographical market

	Turnover	
	2007	2006
	£	£
Germany	43,937	16,485
Other European Union Countries	7,024,313	6,897,893
Non European Union Countries	2,611,233	2,771,684
	<u>9,679,483</u>	<u>9,686,062</u>

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

3	Operating (loss)/profit	2007	2006
		£	£
	Operating (loss)/profit is stated after charging		
	Depreciation of tangible assets	179,600	126,539
	Loss on foreign exchange transactions	59,999	-
	Operating lease rentals		
	- Plant and machinery	173,813	171,898
	- Other assets	237,981	236,961
	Auditors' remuneration	24,250	35,500
	and after crediting		
	Profit on disposal of tangible assets	(2,400)	-
	Profit on foreign exchange transactions	-	(24,818)
		<u><u> </u></u>	<u><u> </u></u>
4	Investment income	2007	2006
		£	£
	Bank interest	22,034	21,206
	Other interest	332	-
		<u> </u>	<u> </u>
		<u><u>22,366</u></u>	<u><u>21,206</u></u>
5	Interest payable	2007	2006
		£	£
	On loans repayable after five years	26,489	31,429
	Hire purchase interest	2,758	4,692
		<u> </u>	<u> </u>
		<u><u>29,247</u></u>	<u><u>36,121</u></u>

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

6 Taxation	2007 £	2006 £
Domestic current year tax		
U K corporation tax	(1,340)	1,340
Current tax charge	<u>(1,340)</u>	<u>1,340</u>
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	<u>(373,377)</u>	<u>47,800</u>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 30.00%)	<u>(112,013)</u>	<u>14,340</u>
Effects of		
Non deductible expenses	10,132	5,284
Depreciation add back	53,880	37,962
Capital allowances	(42,315)	(46,908)
Tax losses utilised	(1,340)	-
Other tax adjustments	90,316	(9,338)
	<u>110,673</u>	<u>(13,000)</u>
Current tax charge	<u>(1,340)</u>	<u>1,340</u>

The company has estimated losses of £ 520,000 (2006 - £ 220,000) available for carry forward against future trading profits

7 Intangible fixed assets	Trade Marks £
Cost	
At 1 January 2007 & at 31 December 2007	<u>1,884</u>
Amortisation	
At 1 January 2007 & at 31 December 2007	<u>1,884</u>
Net book value	
At 31 December 2007	<u>-</u>
At 31 December 2006	<u>-</u>

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

8 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2007	1,114,571	1,536,239	118,635	2,769,445
Additions	6,520	66,239	3,532	76,291
Disposals	-	-	(14,995)	(14,995)
At 31 December 2007	1,121,091	1,602,478	107,172	2,830,741
Depreciation				
At 1 January 2007	958,944	1,322,487	46,256	2,327,687
On disposals	-	-	(14,995)	(14,995)
Charge for the year	41,189	102,230	36,181	179,600
At 31 December 2007	1,000,133	1,424,717	67,442	2,492,292
Net book value				
At 31 December 2007	120,958	177,761	39,730	338,449
At 31 December 2006	155,627	213,752	72,379	441,758

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery	Motor vehicles	Total
	£	£	£
Net book values			
At 31 December 2007	5,835	24,787	30,622
At 31 December 2006	6,865	41,959	48,824
Depreciation charge for the year			
At 31 December 2007	1,030	17,172	18,202
At 31 December 2006	1,211	10,996	12,207

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2007 & at 31 December 2007	202,750
Provisions for diminution in value	
At 1 January 2007 & at 31 December 2007	202,750
Net book value	
At 31 December 2007	-

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Saacke Eurotherm Limited	England	Ordinary	100 00
Saacke Australia PTY Limited	Australia	Ordinary	100 00
Saacke South Africa PTY Limited	South Africa	Ordinary	100 00
Saacke Yakma Ve Enerji Sistemleri Ticaret Limited	Turkey	Ordinary	75 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2007 £	Profit for the period 2007 £
	Principal activity		
Saacke Eurotherm Limited	Non Trading	34,448	-
Saacke Australia PTY Limited	Trading	215,007	(107,428)
Saacke South Africa PTY Limited	Trading	(255,661)	9,009
Saacke Yakma Ve Enerji Sistemleri Ticaret Limited	Trading	27,690	1,788

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

10 Stocks and work in progress	2007	2006
	£	£
Stocks	632,912	608,481
Work in progress	200,155	211,275
Sundry consumable stocks	105,070	108,054
	<u>938,137</u>	<u>927,810</u>

11 Debtors	2007	2006
	£	£
Trade debtors	3,142,101	2,935,310
Amounts owed by subsidiary undertakings	790,403	845,534
Corporation tax	1,340	-
Prepayments and accrued income	110,050	133,725
	<u>4,043,894</u>	<u>3,914,569</u>

Amounts due from subsidiary companies comprised Saacke Australia PTY Limited £285,849, Saacke South Africa PTY Limited £409,515 and Saacke Yakma Ve Enerji Sistemleri Ticaret Limited £95,039

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

12 Creditors: amounts falling due within one year	2007 £	2006 £
Bank loans and overdrafts	52,738	154,194
Net obligations under hire purchase contracts	12,762	18,203
Trade creditors	1,134,590	1,210,833
Provision for guarantee and service work	687,093	695,888
Amounts owed to parent and fellow subsidiary undertakings	156,933	49,910
Amounts owed to subsidiary undertakings	34,448	34,448
Corporation tax	-	1,340
Other taxes and social security costs	308,696	287,661
Other creditors	360,893	149,773
Accruals and deferred income	261,834	345,868
	<u>3,009,987</u>	<u>2,948,118</u>
Debt due in one year or less	<u>126,372</u>	<u>120,084</u>

Other creditors include loans from Saacke AG, Dubendorf of £60,000 (Swiss Francs 133,668) and H Saacke KG, Bremen of £66,372 (Euros 89,224), which are repayable within one year. Interest is currently paid at 4.5% per annum and 3.5% per annum respectively, quarterly in arrear. In addition, liabilities due to HASA Verwaltungs GmbH £150,000, H Saacke Grundstücks und Verwaltungs KG £35,086, Saacke Service GmbH of £42,884 (Euros 57,649) and Saacke S A R L £6551 (Euros 8,806) are included.

The bank overdraft with Lloyds TSB Bank plc is secured by a legal charge dated the 31 March 2001 over the company's book debts.

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

13 Creditors. amounts falling due after more than one year	2007 £	2006 £
Other loans	505,869	548,990
Net obligations under hire purchase contracts	6,106	18,868
	<u>511,975</u>	<u>567,858</u>
Analysis of loans		
Not wholly repayable within five years by instalments		
Saacke AG, Dubendorf loan	322,242	358,405
H Saacke KG, Bremen loan	309,999	310,669
	<u>632,241</u>	<u>669,074</u>
Included in current liabilities	(126,372)	(120,084)
	<u>505,869</u>	<u>548,990</u>
Instalments not due within five years	<u>22,242</u>	<u>68,655</u>
Loan maturity analysis		
In more than one year but not more than two years	126,372	120,084
In more than two years but not more than five years	357,255	360,251
In more than five years	22,242	68,655
	<u>505,869</u>	<u>548,990</u>
Net obligations under hire purchase contracts		
Repayable within one year	14,546	20,961
Repayable between one and five years	7,074	21,620
	<u>21,620</u>	<u>42,581</u>
Finance charges and interest allocated to future accounting periods	(2,752)	(5,510)
	<u>18,868</u>	<u>37,071</u>
Included in liabilities falling due within one year	(12,762)	(18,203)
	<u>6,106</u>	<u>18,868</u>

Other loans comprise Saacke AG, Dubendorf £262,242 (Swiss Francs 584,222) and H Saacke KG, Bremen £243,627 (Euros 327,508), which are repayable by instalments as shown. Interest is currently paid at 4.5% per annum and 3.5% per annum respectively, quarterly in arrear.

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

14 Pension costs

The company continued to operate two defined benefit pension schemes for directors and other employees although they were both closed to new members prior to the 30 April 2004. The assets of the schemes are held separately from those of the company, being invested in trustee administered funds. Contributions to these schemes during the year under review, amounting to £156,000 (year ended 31 December 2006 £156,000), related wholly to deficit funding. The pension costs are determined by an independent qualified actuary on the basis of triennial actuarial valuations, the most recent of which was carried out at the 1 April 2007, using the projected unit method. The actuarial valuations are updated at each balance sheet date.

The company also operates a defined contribution scheme for directors and employees and the pension costs charged in the financial statements represent the contributions and costs payable by the company during the year. Contributions payable by the company amounted to £394,314 (year ended 31 December 2006 £375,802). Contributions totalling £19,966 (year ended 31 December 2006 £1,024) due and payable to the fund at the balance sheet date are included in creditors.

The major assumptions used by the actuary relating to the defined benefit pension schemes were as follows:

	Retirement Benefits Plan 2007 %	E2 Plan 2007 %	Retirement Benefits Plan 2006 %	E2 Plan 2006 %
The main financial assumptions are as follows:				
Rate of increase in pensions in payment				
-fixed	3.40	3.00/5.00	3.10	3.00/5.00
-LPI	3.40	3.40	3.10	3.10
Discount rate	5.80	5.80	5.50	5.50
Inflation assumption	3.40	3.40	3.10	3.10

	Retirement Benefits and E2 Plans 2007 %	Retirement Benefits and E2 Plans 2006 %
The long term expected rates of return are as follows:		
Equities	7.55	7.50
Bonds	5.80	5.50
Gilts	4.55	4.60
Property	6.55	7.00
Other assets	5.50	5.00

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

14 Pension costs

(continued)

	Retirement Benefits and E2 Plans 2007 £'000	Retirement Benefits and E2 Plans 2006 £'000
The assets in the schemes are as follows:		
Equities	14,544	11,613
Bonds	-	1,929
Gilts	1,809	2,822
Property	1,787	2,021
Other assets	112	156
	<hr/>	<hr/>
Total market value of assets	18,252	18,541
Present value of schemes liabilities	(23,601)	(23,208)
	<hr/>	<hr/>
Deficits in the schemes	(5,349)	(4,667)
Related deferred tax asset	1,605	1,400
	<hr/>	<hr/>
Net pension liability	(3,744)	(3,267)
	<hr/> <hr/>	<hr/> <hr/>
Deficits in the schemes at 31 December 2007	(5,349)	(4,667)
	<hr/> <hr/>	<hr/> <hr/>
Change in shortfall during the period		
Shortfall at beginning of the year	(4,667)	(7,004)
Current service cost	-	-
Contributions paid	138	181
Curtailment gain	-	-
Other finance cost	(21)	(38)
Actuarial (loss)/gain	(799)	2,194
	<hr/>	<hr/>
Shortfall at end of the year	(5,349)	(4,667)
	<hr/> <hr/>	<hr/> <hr/>
Other pension income/(costs) charged in arriving at operating profit/loss		
Current service cost	-	-
Curtailment gain	-	-
	<hr/>	<hr/>
Net finance income/(cost)	-	-
	<hr/> <hr/>	<hr/> <hr/>

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

14 Pension costs

(continued)

	Retirement Benefits and E2 Plans 2007 £'000	Retirement Benefits and E2 Plans 2006 £'000
Expected return on assets	1,235	1,158
Interest on liabilities	(1,256)	(1,196)
Net finance income/(cost)	<u>(21)</u>	<u>(38)</u>

	Retirement Benefits Plan 2007 £'000	E2 Plan 2007 £'000	Retirement Benefits Plan 2006 £'000	E2 Plan 2006 £'000
Analysis of amounts in STRGL				
Actual less expected return on assets	(759)	(115)	325	13
% of year end scheme assets	5.0%	3.9%	2.1%	0.4%
Net experience gain/(loss)	464	(275)	8	285
% of year end scheme liabilities	2.3%	8.0%	0.0%	8.7%
Gain/(loss) on change in assumptions	(220)	106	1,345	218
% of year end scheme liabilities	1.1%	3.1%	6.7%	6.7%
Actuarial (loss)/gain recognised in STRGL	<u>(515)</u>	<u>(284)</u>	<u>1,678</u>	<u>516</u>

Contributions necessary to fund the schemes deficits have been formally agreed with The Pensions Regulator

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

14 Pension costs

(continued)

Under FRS17 the directors are required to recognise the deficit in the defined benefit schemes and include this as a liability on the Balance Sheet. The directors have decided not to include this liability on the Balance Sheet as they feel it is not appropriate to do so at the current time. The effect of not complying with FRS17 in this respect is as follows -

	2007 £'000	2006 £'000
Balance Sheet without recognising the pension scheme liability		
Assets less liabilities	2,273	2,646
Represented by		
Called up share capital	82	82
Profit and loss account	2,191	2,564
Shareholders funds	2,273	2,646
Balance Sheet including the pension liability scheme liability		
Assets less liabilities	2,273	2,646
Pension scheme liability	(3,744)	(3,267)
Net deficit	(1,471)	(621)
Represented by		
Called up share capital	82	82
Profit and loss account	(1,553)	(703)
Shareholders funds	(1,471)	(621)

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

14 Pension costs

(continued)

	2007 £'000	2006 £'000
Profit and Loss Account without recognising the pension scheme liability		
Gross profit	5,348	5,418
Distribution costs	(160)	(180)
Administration expenses	(5,657)	(5,276)
Other operating income	102	100
	<hr/>	<hr/>
Operating (loss)/profit	(367)	62
Other interest and similar income	22	21
Interest payable and similar charges	(29)	(36)
	<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	(374)	47
Tax on (loss)/profit on ordinary activities	1	(1)
	<hr/>	<hr/>
(Loss)/profit for the year	<u>(373)</u>	<u>46</u>

Profit and Loss Account including the pension scheme liability

Gross profit	5,348	5,418
Distribution costs	(160)	(180)
Administration expenses	(5,519)	(5,095)
Other operating income	102	100
	<hr/>	<hr/>
Operating (loss)/profit	(229)	243
Other interest and similar income	22	21
Interest payable and similar charges	(29)	(36)
Other finance costs	(21)	(38)
	<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	(257)	190
Tax on (loss)/profit on ordinary activities	1	(1)
	<hr/>	<hr/>
(Loss)/profit for the year	<u>(256)</u>	<u>189</u>

Statement of Total Recognised gains and losses

Actuarial (loss)/gain on pension scheme	(799)	2,194
Movement on deferred tax relating to pension asset	205	(701)
	<hr/>	<hr/>
Total (loss)/gain for the year	<u>(594)</u>	<u>1,493</u>

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

15 Share capital	2007	2006
	£	£
Authorised		
82,000 Ordinary shares of £1 each	82,000	82,000
	<u>82,000</u>	<u>82,000</u>
Allotted, called up and fully paid		
82,000 Ordinary shares of £1 each	82,000	82,000
	<u>82,000</u>	<u>82,000</u>
16 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 January 2007		2,563,542
Loss for the year		(372,037)
		<u>2,191,505</u>
17 Reconciliation of movements in shareholders' funds	2007	2006
	£	£
(Loss)/Profit for the financial year	(372,037)	46,460
Opening shareholders' funds	2,645,542	2,599,082
	<u>2,273,505</u>	<u>2,645,542</u>

18 Contingent liabilities

Saacke Limited has subordinated the debt due from Saacke South Africa Pty Limited amounting to £409,515 (SAR 5,661,006) in favour of other creditors under the terms of a back ranking agreement dated 31 March 1997 until such time as that company's assets exceed its liabilities

There were no other contingent liabilities at the balance sheet date other than those arising in the ordinary course of the company's business and on these no material losses are anticipated. The company has insurance cover to certain limits for major claims in connection with liabilities arising in the course of its operations.

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

19 Financial commitments

At 31 December 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2008

	Land and buildings		2007 £	Other 2006 £
	2007 £	2006 £		
Operating leases which expire				
Within one year	3,400	-	21,893	16,491
Between two and five years	29,000	29,000	117,492	102,258
In over five years	200,000	200,000	-	-
	<u>232,400</u>	<u>229,000</u>	<u>139,385</u>	<u>118,749</u>

20 Directors' emoluments

	2007	2006
	£	£
Emoluments for qualifying services	<u>186,562</u>	<u>191,674</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2006 - 3)

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2006 - 3)

The defined benefit scheme for directors was closed to new members on the 31 March 2004

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2007	2006
	Number	Number
Directors	3	4
Clerical & Administration	51	56
Manufacturing	30	33
Outside Sales & Service	44	45
	<hr/>	<hr/>
	128	138
	<hr/> <hr/>	<hr/> <hr/>

Employment costs

	2007	2006
	£	£
Wages and salaries	3,707,027	3,684,558
Social security costs	371,814	389,036
Other pension costs	550,314	531,802
	<hr/>	<hr/>
	4,629,155	4,605,396
	<hr/> <hr/>	<hr/> <hr/>

22 Control

The company is a wholly owned subsidiary of Saacke GmbH, a company registered in Germany. Saacke GmbH is itself wholly owned by H Saacke KG which is controlled by H H C G Saacke and his family.

SAACKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

23 Related party transactions

Year end debtor and creditor balances are shown in notes 11 and 12 respectively to the financial statements

During the year under review the following transactions occurred with related group members

Sales of £54,385 were made to Saacke Australia PTY Limited
Sales of £267,400 were made to Saacke South Africa PTY Limited
Sales of £87,696 were made to Saacke Yakma ve Enerji Sistemleri Ticaret Limited
Sales of £43,937 were made to Saacke Gmbh
Sales of £12,358 were made to Saacke S A R L
Sales of £1,047 were made to Saacke Tratec Limited
Purchases of £294,524 were made from Saacke Gmbh
Purchases of £83,518 were made from Saacke Service Gmbh
Purchases of £51,213 were made from T P K Nova Gmbh
Purchases of £984 were made from Saacke Yakma ve Enerji Sistemleri Ticaret Limited
Purchases of £205 were made from Saacke South Africa PTY Limited
Rent of £200,000 was paid to HASA Verwaltungs Gmbh
Rent of £24,000 was paid to H Saacke Grundstuck und Verwaltungs KG
Management fees of £27,000 were charged to Saacke Australia PTY Limited
Loan interest of £11,238 was paid to H Saacke KG, Bremen
Loan interest of £15,251 was paid to Saacke AG, Dubendorf