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Registered Number 2101607

AESSEAL plc
Annual Report
for the year ended 31 December 2009

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AESSEAL plc
Annual Report
for the year ended 31 December 2009
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AESSEAL plc

Directors and advisers

Directors

C J Rea OBE

R Rea

M O Williams

J Wilkinson

A Roddis

R S Cook

D C Owen

S M Shaw

T R Pickles

J H Stewart

Secretary

G W Bridge

Registered Office

Global Technology Centre

Mill Close

Bradmarsh Business Park

Rotherham

S60 1BZ

Auditors

PricewaterhouseCoopers LLP

1 East Parade

Sheffield

S1 2ET

Bankers

HSBC Bank plc

PO Box 50

Unit 4, Europa Court

Sheffield Business Park

Sheffield

S9 1XE

AESSEAL plc

Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements of the company for the year ended 31 December 2009

Principal activity

The company's principal activity during the year was the design, development, manufacture, sale and support of mechanical seals, engineered sealing systems and related products

Review of business and future developments

Both the level of business and the year end financial position were satisfactory, and the directors expect an acceptable level of performance going forward

Principal risks and KPI's

The directors of AES Engineering Limited, the ultimate parent company, manage the group's risks and operations at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that discussion of the group's risks and analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company's business. The principal risks and uncertainties of the group, which include those of the company, and the development, performance and position of the company are discussed in the Director's report of AES Engineering Limited's Annual Report which does not form part of this report

Results and dividends

The profit and loss account for the year is set out on page 7. A dividend of £1,000,000 (£20 per share) was paid on 11 September 2009 (2008: £nil)

Directors

The directors who held office during the year are given below

C J Rea OBE
R Rea
M O Williams
J Wilkinson
A Roddis
R S Cook
D C Owen
S M Shaw
T R Pickles
J H Stewart

Directors' Indemnities

The group maintains liability insurance for its directors and officers. The group has also provided an indemnity for its directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006

AESSEAL plc

Directors' report for the year ended 31 December 2009 - continued

Research and development

The company continues to be committed to investment in research and development in all its areas of activity. This covers new products and processes and innovation in areas such as information technology.

Employees

The company organises employee communication and involvement culture centrally and locally. All employees are expected to understand the company's business culture and especially the needs of the customers it serves.

The company gives consideration to the possibility of employing disabled persons wherever such opportunities exist. Those employees who become disabled are given the opportunity and assistance to continue in their employment or to be trained for other, more suitable positions.

Policy and practice on payment of creditors

It is company policy to follow a standard payment practice. The terms of the payment practice can be obtained from the company's registered address as set out on page 1.

Terms of payment are agreed with suppliers, in line with the standard payment practice, and are adhered to.

The number of creditor days at the year end was 46 days (2008: 42 days).

Charitable donations

The Company gave £12,150 (2008: £11,809) for charitable purposes in the year.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

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

AESSEAL plc

Directors' report for the year ended 31 December 2009 - continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

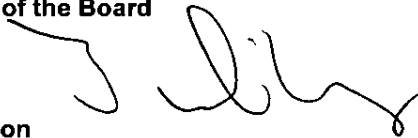
Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



J Wilkinson
Director
2 June 2010

AESSEAL plc

Independent auditors' report to the members of AESSEAL plc

We have audited the financial statements of AESSEAL plc for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statement

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

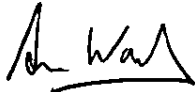
AESSEAL plc

Independent auditors' report to the members of AESSEAL plc - continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Ward (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Sheffield

2 June 2010

AESSEAL plc

Profit and loss account for the year ended 31 December 2009

Registered Number 2101607

	Note	2009 £'000	2008 £'000
Turnover	1	30,313	31,652
Change in stocks of finished goods		(598)	624
		29,715	32,276
Raw materials and consumables		(10,987)	(13,055)
Staff costs	5	(10,611)	(11,211)
Depreciation and amortisation		(1,826)	(1,828)
Other operating charges		(3,971)	(4,340)
		(27,395)	(30,434)
Operating profit before exceptional operating items		2,320	1,842
Exceptional operating items	4	-	(611)
Operating profit	3	2,320	1,231
Net interest payable and similar charges	2	(399)	(898)
Profit on ordinary activities before taxation		1,921	333
Tax on profit on ordinary activities	7	(211)	(66)
Profit for the financial year	19	1,710	267

All items dealt with in arriving at operating profit above relate to continuing operations

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented

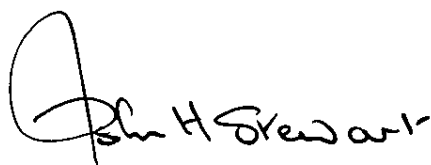
There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents

AESSEAL plc

Balance sheet as at 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	9	1,016	719
Tangible assets	10	6,741	7,423
		7,757	8,142
Current assets			
Stock	11	8,216	9,011
Debtors	12	5,795	6,927
Cash at bank and in hand		515	583
		14,526	16,521
Creditors amounts falling due within one year	13	(4,707)	(7,294)
Net current assets		9,819	9,227
Total assets less current liabilities		17,576	17,369
Creditors amounts falling due after more than one year	14	(10,297)	(10,775)
Provisions for liabilities and charges	16	(425)	(450)
Net assets		6,854	6,144
Capital and reserves			
Called up share capital	18	50	50
Profit and loss account	19	6,804	6,094
Total shareholders' funds	20	6,854	6,144

The financial statements on pages 7 to 24 were approved by the board of directors on 2 June 2010 and were signed on its behalf by


J H Stewart
Director

AESSEAL plc

Statement of accounting policies

Basis of preparation of accounts

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards in the United Kingdom and under the historical cost convention. There were no material departures from those standards. A summary of the main accounting policies, which have been applied consistently, is set out below.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement as it is a wholly-owned subsidiary undertaking of AES Engineering Limited.

Turnover

Turnover represents the amounts invoiced to customers net of value added tax. Under normal circumstances, turnover from product sales is recognised upon delivery to the customer or, in the case of goods supplied ex-works, generally upon collection by the customer or their agent. Where consignment stock arrangements are in place, turnover is recognised upon notification by the customer that the product has been withdrawn from consignment.

Tangible fixed assets and depreciation

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

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The depreciation rates used for this purpose are:

Plant and machinery	10% straight line
Fixtures and fittings	15% straight line
Computer equipment	20% straight line
Test equipment and tools	20% straight line
Motor vehicles	25% straight line
Short leasehold property	Equal instalments over period of lease

Intangible fixed assets

Research and development of a revenue nature is written off in the year in which it is incurred.

Other development expenditure relating to specific projects is capitalised and carried forward and is amortised over the period during which the company is expected to benefit.

Regular impairment reviews are carried out and where applicable adjustment is made to the carrying value.

AESSEAL plc

Statement of accounting policies - continued

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. In respect of finished goods and goods for resale, cost includes direct materials, labour and manufacturing overheads incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs to completion and selling costs. Provision is made for slow moving and obsolete stock.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax is not provided on timing differences arising from revaluation of fixed assets where there are no commitments to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax and liabilities are not discounted.

Pension costs

The company operates defined contribution pension schemes. The charge in the profit and loss account for pension costs is the amount of the company's contributions payable to the pension schemes in the year.

Foreign currency

Transactions denominated in foreign currencies are translated into the local currency using the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in a foreign currency have been translated into the local currency at the year end rates. Where there are related or matched forward contracts in respect of trading transactions, the rates of exchange specified in those contracts are used. Realised foreign exchange differences are taken to the profit and loss account.

Leasing

Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Operating lease rentals are charged to the profit and loss account as they are incurred.

Share based incentives

In accordance with FRS 20 the fair value of equity settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the group's estimate of shares or options that will eventually vest. In the case of options granted, fair value is measured by a Black-Scholes pricing model.

In these financial statements, only the expense charged to the profit and loss account for the year is disclosed (note 3). The other disclosures required under FRS 20 are included in the financial statements of the parent company, AES Engineering Limited.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2009

1 Segmental reporting

The company's turnover and operating profit relate entirely to its principal activity

As permitted by the Companies Act and SSAP 25 the directors have not disclosed segmental information as they consider it would be seriously prejudicial to the company's interests

2 Net interest payable and similar charges

	2009	2008
	£'000	£'000
Interest payable to other group companies	(332)	(618)
Interest payable on hire purchase obligations and finance leases	(47)	(122)
Interest payable on bank overdrafts	(33)	(154)
Other interest receivable/(payable)	13	(4)
Net interest payable	(399)	(898)

AESSEAL plc

3 Operating profit

	2009 £'000	2008 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of owned fixed assets	1,221	833
Depreciation of fixed assets held under hire purchase contracts	412	808
Amortisation of intangible fixed assets	193	188
Auditors' remuneration including expenses		
- audit	17	17
- non-audit services	10	11
Operating leases - property	95	76
Research and development costs	2,083	1,988
Equity settled share based payments	61	51
Net foreign currency exchange gains	(107)	(94)
Profit on disposal of fixed assets	(21)	(59)

4 Exceptional operating items

	2009 £'000	2008 £'000
Impairment of intangible fixed assets	-	611

As the company's investment in its own dry gas seal technology is showing tangible benefits, the historic external expenditure in third party technology has become less relevant. Following an impairment review the residual balance of the external expenditure was written off in 2008.

AESSEAL plc

5 Employee information

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

By activity	2009 Number	2008 Number
Sales engineers	27	29
Management and administration	104	111
Production and stores	222	228
	353	368

Staff costs for the above persons were	2009 £'000	2008 £'000
Wages and salaries	9,654	10,188
Social security costs	858	903
Other pensions costs	99	120
	10,611	11,211

6 Directors' emoluments

	2009 £'000	2008 £'000
Emoluments including benefits in kind	922	942
Company pension contributions to money purchase scheme	57	61
	979	1,003

Retirement benefits are accruing to seven (2008: four) directors under a money purchase scheme

Highest-paid director	2009 £'000	2008 £'000
Emoluments including benefits in kind	138	138
Company pension contributions to money purchase scheme	19	19
	157	157

AESSEAL plc

6 Directors' emoluments continued

During the year, A Roddis and D C Owen, exercised share options in AES Engineering Limited, the ultimate parent undertaking

A Roddis and D C Owen exercised 2,851 and 617 share options respectively at an average price of £39.54 and £48.69 each respectively. In both cases, these shares were subsequently sold to the employee share ownership trust of AES Engineering Limited at a price of £83.22 each

7 Tax on profit on ordinary activities

	2009 £'000	2008 £'000
Current tax		
UK corporation tax on profits of the year	410	222
Group relief	(200)	(120)
Adjustments in respect of previous periods	26	34
	236	136
Deferred tax origination and reversal of timing differences	(25)	(70)
Tax on profits on ordinary activities	211	66

The tax charged on the profit for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	1,921	333
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 28.5%)	538	95
Effects of:		
Expenses not deductible for tax purposes	18	27
Capital allowances and other timing differences	11	154
Group relief	(200)	(120)
Other reliefs	(157)	(54)
Adjustment in respect of prior year	26	34
Current tax charge for the year	236	136

AESSEAL plc

8 Dividends

	2009	2008
	£'000	£'000
Ordinary dividend paid £20 per share (2008 £nil)	1,000	-

9 Intangible fixed assets

	Deferred development expenditure
	£'000
Cost	
At 1 January 2009	1,518
Additions	490
At 31 December 2009	2,008
Accumulated depreciation	
At 1 January 2009	799
Charge for the year	193
At 31 December 2009	992
Net book value	
At 31 December 2009	1,016
At 31 December 2008	719

AESSEAL plc

10 Tangible fixed assets

	Land and buildings	Plant, fixtures and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2009	51	17,517	885	18,453
Intercompany transfer	345	-	-	345
Additions	-	603	36	639
Disposals	-	(80)	(138)	(218)
At 31 December 2009	396	18,040	783	19,219
Accumulated depreciation				
At 1 January 2009	51	10,420	560	11,031
Charge for the year	-	1,482	151	1,633
Disposals	-	(57)	(129)	(186)
At 31 December 2009	51	11,845	582	12,478
Net book value				
At 31 December 2009	345	6,195	201	6,741
At 31 December 2008	-	7,097	326	7,423

The cost of depreciable assets included in land and buildings at 31 December 2009 was £348,000 (2008 £51,000)

The net book value of tangible fixed assets includes an amount of £3,296,000 (2008 £2,904,000) in respect of assets held under hire purchase contracts or finance leases

11 Stocks

	2009	2008
	£'000	£'000
Raw materials and consumables	1,241	1,438
Finished goods and goods for resale	6,975	7,573
	8,216	9,011

AESSEAL plc

12 Debtors

	2009	2008
	£'000	£'000
Trade debtors	2,516	2,974
Amounts owed by group undertakings	2,867	3,071
Other debtors	32	424
Corporation tax receivable	-	96
Prepayments and accrued income	380	362
	5,795	6,927

13 Creditors – amounts falling due within one year

	2009	2008
	£'000	£'000
Bank overdrafts	215	2,267
Obligations under finance leases and hire purchase agreements	858	798
Trade creditors	1,695	1,961
Amounts owed to group undertakings	653	738
Corporate tax payable	93	-
Other taxes and social security	247	301
Accruals and deferred income	946	1,229
	4,707	7,294

14 Creditors – amounts falling due after more than one year

	2009	2008
	£'000	£'000
Obligations under finance leases and hire purchase agreements	1,882	1,452
Amounts owed to group undertakings	8,415	9,323
	10,297	10,775

AESSEAL plc

15 Obligations under finance leases and hire purchase agreements

The future minimum lease payments under finance leases and hire purchase agreements are as follows

	2009	2008
	£'000	£'000
Due within one year	871	812
In more than one year, but not more than five years	1,951	1,537
Total gross payments	2,822	2,349
Less finance charges included above	(82)	(99)
	2,740	2,250

The obligations under finance leases and hire purchase contracts are secured on certain tangible fixed assets of the company

16 Provisions for liabilities and charges

	Deferred taxation liability
	£'000
At 1 January 2009	450
Transfer from profit and loss account	(25)
At 31 December 2009	425

AESSEAL plc

17 Deferred taxation

	2009 £'000	2008 £'000
Deferred taxation provided in the accounts comprises		
Timing differences		
Accelerated capital allowances	444	455
Other timing differences	(19)	(5)
	425	450

18 Called up share capital

	2009 £'000	2008 £'000
Authorised		
50,000 ordinary shares of £1 each	50	50
Allotted and fully paid		
50,000 ordinary shares of £1 each	50	50

19 Reserves

	Profit and loss account £'000
At 1 January 2009	6,094
Retained profit for the year	1,710
Dividend paid	(1,000)
At 31 December 2009	6,804

AESSEAL plc

20 Reconciliation of movements in shareholders' funds

For the year ended 31 December 2009	2009 £'000	2008 £'000
Equity interests		
Profit for the year	1,710	267
Dividends	(1,000)	-
Net increase in shareholders' funds	710	267
Opening shareholders' funds	6,144	5,877
Closing shareholders' funds	6,854	6,144

21 Capital commitments

	2009 £'000	2008 £'000
Authorised and contracted for	498	285

22 Leasing commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases expiring as follows

Land and buildings	2009 £'000	2008 £'000
Within one year	14	3
Within two to five years	19	62
After five years	20	-
	53	65

AESSEAL plc

23 Pension commitments

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds.

Outstanding contributions payable to the schemes by the company are included in the pension cost charge in respect of the year and amounted to £62,000 (2008: £31,000).

AESSEAL plc

24 Related party disclosures

AESSEAL plc had the following transactions and balances with other group companies which were not wholly owned subsidiaries by a member of the AES Group

Company	Sales to Group companies during year ended 31 December 2009	Sales to Group companies during year ended 31 December 2008	Purchases from Group companies during year ended 31 December 2009	Purchases from Group companies during year ended 31 December 2008
	£'000	£'000	£'000	£'000
AESSEAL (Proprietary) Limited	1,652	1,759	50	-
AESSEAL Malaysia Limited	367	384	84	120
AESSEAL Italia SRL	817	829	-	10
AESSEAL Iberica SL	460	472	-	21
AESSEAL China Limited	274	267	1,266	1,268
Vulcan Engineering Limited	41	15	30	33
AESSEAL Brasil Ltda	371	424	-	-
AESSEAL Australia Pty Limited	281	218	-	-
AESSEAL del Plata SA	327	303	-	-
AESSEAL Midwest Inc	356	338	-	-
AESSEAL Finland Oy	140	193	2	14
ALAA & AESSEAL Factory Co Limited	513	314	-	-
AESSEAL Polska Sp z o o	355	291	-	-
AESSEAL Czech s r o	71	105	-	-
AESSEAL Sweden AB	136	179	-	-
AESSEAL Coldweld PVT Limited	2	-	46	8
Sealtec Plc SA	24	23	-	-
AESSEAL Deutschland GmbH	273	284	-	-
AESSEAL Vo Lee Co Limited	117	117	-	-
AESSEAL Rus	177	118	-	-
Mechanical Seal and Service Inc	42	8	-	-
AESSEAL Norway AS	73	4	-	-

AESSEAL plc

24 Related party disclosures - continued

Company	Amount due to Group companies as at 31 December 2009	Amount due to Group companies as at 31 December 2008	Amount due from Group companies as at 31 December 2009	Amount due from Group companies as at 31 December 2008
	£'000	£'000	£'000	£'000
AESSEAL (Proprietary) Limited	50	-	309	272
AESSEAL Malaysia Limited	-	12	103	46
AESSEAL Italia SRL	-	-	140	96
AESSEAL Iberica SL	-	2	80	50
AESSEAL China Limited	284	210	47	202
Vulcan Engineering Limited	5	8	-	-
AESSEAL Brasil Ltda	-	-	84	106
AESSEAL Australia Pty Limited	-	-	34	37
AESSEAL del Plata SA	-	-	124	108
AESSEAL Midwest Inc	-	-	5	8
AESSEAL Finland Oy	-	-	13	55
ALAA & AESSEAL Factory Co Limited	-	-	18	119
AESSEAL Polska Sp z o o	-	-	29	39
AESSEAL Czech s r o	-	-	4	2
AESSEAL Sweden AB	-	-	42	60
AESSEAL Coldweld PVT Limited	7	-	20	-
Sealtec Plc SA	-	-	2	5
AESSEAL Deutschland GmbH	-	-	73	83
AESSEAL Vo Lee Co Limited	-	-	15	97
AESSEAL Rus	-	-	140	137
Mechanical Seal and Service Inc	-	-	-	-
AESSEAL Norway AS	-	-	-	10

AESSEAL plc

25 Parent undertaking and ultimate controlling party

The ultimate parent undertaking is AES Engineering Limited, a company incorporated in Great Britain

Copies of the consolidated financial statements of AES Engineering Limited can be obtained from the Registered Office at Global Technology Centre, Mill Close, Bradmarsh Business Park, Rotherham S60 1BZ, United Kingdom

The ultimate controlling party is considered to be Mr C J Rea, by virtue of his shareholding in AES Engineering Limited

26 Contingent liability

Along with the other group undertakings based in the United Kingdom, the company has given security in favour of HSBC Bank plc against group borrowings by way of an unlimited multilateral company guarantee to secure all liabilities of each other, and a debenture giving fixed and floating charges over assets of the company. At 31 December 2009 borrowings covered by these guarantees amounted to £24,361,000 (2008 £31,493,000)

In the opinion of the directors, no loss will arise in respect of this matter

27 Approval of accounts

These accounts were approved at a directors' meeting held on 2 June 2010