

Company registration number 4008116

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PLAND STAINLESS LIMITED
REPORT AND ACCOUNTS
31 JULY 2006



PLAND STAINLESS LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 JULY 2006

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PLAND STAINLESS LIMITED

COMPANY INFORMATION

The board of directors	J D Cochrane J M Haigh
Company secretary	J M Haigh
Registered office	Ring Road Lower Wortley Leeds LS12 6AA
Auditor	Wheawill & Sudworth 35 Westgate Huddersfield HD1 1PA
Bankers	HSBC Bank plc 2 Cloth Hall Street Huddersfield HD1 2ES
Solicitors	Eversheds Cloth Hall Court Infirmary Street Leeds LS1 2JB Biggart Baillie 7 Castle Street Edinburgh EH2 3AP

PLAND STAINLESS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 JULY 2006

The directors present their report and the accounts of the company for the year ended 31 July 2006.

Principal activity and business review

The principal activity of the company during the year was the manufacture of stainless steel products.

Operational difficulties at the principal subsidiary company absorbed a substantial amount of management resource during the year. The action plan put in place is working and the directors anticipate better trading results from all parts of the group in 2006/7.

Directors

The directors who held office during the year were:

J D Cochrane

J M Haigh

The directors had no interest as defined by the Companies Act 1985 in the share capital of the company during the year. The directors' interests in the ultimate holding company are disclosed in that company's financial statements.

Directors' responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare report and accounts for each financial period 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 year. In preparing those report and accounts, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are prudent and reasonable;
- Prepare the accounts 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 to enable them to ensure that the report and accounts comply with the Companies Act 1985. The directors 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.

In so far as the directors are aware:

there is no relevant audit information of which the company's auditors are unaware; and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

A resolution to re-appoint Wheavill & Sudworth as auditors will be put to the shareholders at the Annual General Meeting.

PLAND STAINLESS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JULY 2006

Small company provisions

This report has been prepared in accordance with the special provisions for small companies within Part VII of the Companies Act 1985.

This report was approved by the board on 2 November 2006 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J M Haigh', with a stylized flourish at the end.

J M Haigh
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PLAND STAINLESS LIMITED

We have audited the report and accounts of Pland Stainless Limited for the year ended 31 July 2006 on pages 5 to 14 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 7 to 8.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the report and accounts 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 report and accounts 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 report and accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the report and accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the report and accounts, 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 report and accounts 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 report and accounts.

Opinion

In our opinion:

the report and accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 July 2006 and of its profit for the year then ended;

the report and accounts have been properly prepared in accordance with the Companies Act 1985; and

the information given in the Directors' Report is consistent with the report and accounts for the year ended 31 July 2006.

Wheawill & Sudworth

Wheawill & Sudworth
Chartered Accountants & Registered Auditors

35 Westgate
Huddersfield
HD1 1PA
2 November 2006

PLAND STAINLESS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JULY 2006

	Note	2006 £	2005 £
Turnover	2	3,926,899	2,916,696
Cost of sales		<u>(2,010,366)</u>	<u>(1,530,326)</u>
Gross profit		1,916,533	1,386,370
Administrative expenses		<u>(1,654,136)</u>	<u>(1,245,993)</u>
Other operating income	3	27,159	55,257
Operating profit	4	289,556	195,634
Amounts written off investments		<u>(195,292)</u>	<u>(25,469)</u>
Interest payable and similar charges		<u>(64,326)</u>	<u>(67,817)</u>
Profit on ordinary activities before taxation		29,938	102,348
Tax on profit on ordinary activities	7	<u>(12,396)</u>	<u>(29,149)</u>
Retained profit for the financial year	22	<u>17,542</u>	<u>73,199</u>

The notes on pages 7 to 14 form part of these accounts.

PLAND STAINLESS LIMITED

BALANCE SHEET

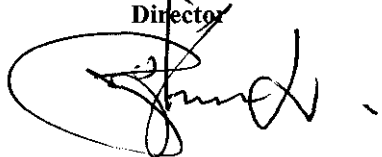
31 JULY 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	8	1,641,919	1,479,867
Investments	9	160,699	355,991
		<u>1,802,618</u>	<u>1,835,858</u>
Current assets			
Stocks		637,303	443,813
Debtors	10	1,226,828	643,275
Cash at bank and in hand		51,278	2,122
		<u>1,915,409</u>	<u>1,089,210</u>
Creditors: Amounts falling due within one year	11	<u>(1,960,555)</u>	<u>(1,193,071)</u>
Net current liabilities		<u>(45,146)</u>	<u>(103,861)</u>
Total assets less current liabilities		<u>1,757,472</u>	<u>1,731,997</u>
Creditors: Amounts falling due after more than one year	12	<u>(456,771)</u>	<u>(467,838)</u>
		<u>1,300,701</u>	<u>1,264,159</u>
Provisions for liabilities			
Deferred taxation	16	<u>(61,000)</u>	<u>(42,000)</u>
Net assets		<u>1,239,701</u>	<u>1,222,159</u>
Capital and reserves			
Share capital	20	100,000	100,000
Revaluation reserve	21	796,651	832,536
Profit and loss account	22	343,050	289,623
Shareholders' funds		<u>1,239,701</u>	<u>1,222,159</u>

These report and accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These report and accounts were approved by the board on the 2 November 2006 and are signed on their behalf by:

J D Cochrane
Director



J M Haigh
Director



The notes on pages 7 to 14 form part of these accounts.

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2006

1. Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standard:

The presentation requirements of FRS 25 'Financial Instruments: Disclosure and Presentation';

No material disclosure has been required in this respect given the nature of the company's financing arrangements.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, with the exception of freehold land, by equal annual instalments over their expected useful lives:

Freehold Property	-	50 years
Plant & Machinery	-	10 years
Motor Vehicles	-	4 years
Computer Equipment	-	4 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Contributions to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2006

1. Accounting policies *(continued)*

Deferred taxation

Provision is made on the liability method based on current tax rates for deferred tax assets and liabilities arising from all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

Investment income

Investment income comprises dividends and interest and is accounted for on a receivable basis.

Investments

Investments are included at cost less amounts written off. Profits or losses arising on disposal of fixed asset investments are treated as part of the result from ordinary activities.

2. Turnover

The percentage of turnover attributable to overseas markets was 3% (2005: 3%).

3. Other operating income

	2006	2005
	£	£
Rent receivable	9,159	7,257
Management charges receivable	18,000	48,000
	<u>27,159</u>	<u>55,257</u>

4. Operating profit

Operating profit is stated after charging:

	2006	2005
	£	£
Directors' emoluments (including pension contributions)	332,895	278,344
Depreciation of tangible fixed assets:		
- owned assets	74,728	98,463
- assets held under hire purchase agreements	32,405	21,296
Auditor's fees	<u>6,750</u>	<u>6,500</u>

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2006

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2006 £	2005 £
Aggregate emoluments	322,349	272,489
Value of company pension contributions to money purchase schemes	10,546	5,855
	<u>332,895</u>	<u>278,344</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2006 No	2005 No
Defined contribution schemes	<u>2</u>	<u>2</u>

6. Interest payable and similar charges

	2006 £	2005 £
Interest payable on bank loans and overdrafts	26,966	36,069
Hire purchase and finance lease charges	9,829	9,955
Invoice finance interest	27,531	21,793
	<u>64,326</u>	<u>67,817</u>

7. Taxation

	2006 £	2005 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2005 - 19%)	-	34,700
Overprovision in prior year	(6,604)	(51)
Total current tax	<u>(6,604)</u>	<u>34,649</u>
Deferred tax:		
Increase/(Decrease) in deferred tax provision (note 16)	14,000	(500)
Short term timing differences	5,000	(5,000)
Total deferred tax (note 16)	<u>19,000</u>	<u>(5,500)</u>
Tax on profit on ordinary activities	<u>12,396</u>	<u>29,149</u>

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2006

8. Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Computer Equipment £	Total £
Cost or valuation					
At 1 August 2005	1,000,000	751,806	73,723	41,618	1,867,147
Additions	–	259,513	–	9,672	269,185
Disposals	–	(14,000)	(25,540)	–	(39,540)
At 31 July 2006	<u>1,000,000</u>	<u>997,319</u>	<u>48,183</u>	<u>51,290</u>	<u>2,096,792</u>
Depreciation					
At 1 August 2005	21,667	282,558	48,045	35,010	387,280
Charge for the year	20,000	75,181	9,124	2,828	107,133
On disposals	–	(14,000)	(25,540)	–	(39,540)
At 31 July 2006	<u>41,667</u>	<u>343,739</u>	<u>31,629</u>	<u>37,838</u>	<u>454,873</u>
Net book value					
At 31 July 2006	<u>958,333</u>	<u>653,580</u>	<u>16,554</u>	<u>13,452</u>	<u>1,641,919</u>
At 31 July 2005	<u>978,333</u>	<u>469,248</u>	<u>25,678</u>	<u>6,608</u>	<u>1,479,867</u>

The freehold land and buildings were revalued in 2004 and certain items of plant and machinery were revalued in 2000 by independent valuers.

Included within the net book value of £1,641,919 is £296,734 (2005 - £245,850) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of such assets amounted to £32,405 (2005 - £21,296).

9. Investments

Fixed Asset Investments

	£
Cost	
At 1 August 2005 and 31 July 2006	<u>381,460</u>
Amounts written off	
At 1 August 2005	25,469
Written off in year	<u>195,292</u>
At 31 July 2006	<u>220,761</u>
Net book value	
At 31 July 2006	<u>160,699</u>
At 31 July 2005	<u>355,991</u>

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2006

9. Investments *(continued)*

The company owns 100% of the issued share capital of the companies listed below:

	2006 £	2005 £
Aggregate capital and reserves		
Associated Metal (Stainless) Limited	160,599	355,991
Santric Limited (dormant)	<u>100</u>	<u>100</u>
Profit and (loss) for the year		
Associated Metal (Stainless) Limited	(195,392)	(31,470)
Santric Limited (dormant)	<u>--</u>	<u>--</u>

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

10. Debtors

	2006 £	2005 £
Trade debtors	1,094,869	584,738
Amounts owed by group undertakings	56,955	--
Prepayments and accrued income	<u>75,004</u>	<u>58,537</u>
	<u>1,226,828</u>	<u>643,275</u>

The trade debtors are assigned to a third party which has given cash advances against this assignment.

11. Creditors: Amounts falling due within one year

	2006 £	2005 £
Bank loan	100,000	100,000
Trade creditors	811,489	339,644
Amounts owed to subsidiary undertakings	--	58,495
Invoice discounting facilities	459,080	242,221
Corporation tax	--	34,700
Other taxes and social security	177,653	140,874
Obligations under hire purchase contracts	57,734	50,545
Other creditors	54,778	5,364
Accruals and deferred income	<u>299,821</u>	<u>221,228</u>
	<u>1,960,555</u>	<u>1,193,071</u>

The bank borrowings are secured by a fixed and floating charge over all of the company's assets.

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2006

12. Creditors: Amounts falling due after more than one year

	2006	2005
	£	£
Bank loan	258,056	358,056
Obligations under hire purchase contracts	132,048	109,782
Other creditors	66,667	—
	<u>456,771</u>	<u>467,838</u>

13. Loans and borrowings

Analysis of loans

Invoice discounting facilities	459,080	242,221
Bank loan	358,056	458,056
Obligations under hire purchase contracts and finance leases	189,782	160,327
	<u>1,006,918</u>	<u>860,604</u>

Maturity of debt

Within one year or less, or on demand	559,080	342,221
In more than one year, but not more than two years	100,000	100,000
In more than two years, but not more than five years	158,056	258,056
	<u>817,136</u>	<u>700,277</u>

14. Pensions

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by trustees in funds independent from those of the company.

The total contributions paid in the year amounted to £23,419 (2005: £18,118).

15. Secured liabilities

	2006	2005
	£	£
Aggregate amount of secured liabilities	<u>1,006,918</u>	<u>860,604</u>

16. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2006	2005
	£	£
Provision brought forward	42,000	47,500
Profit and loss account movement arising during the year	19,000	(5,500)
Provision carried forward	<u>61,000</u>	<u>42,000</u>

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2006

16. Deferred taxation *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2006	2005
	£	£
Excess of taxation allowances over depreciation on fixed assets	61,000	47,000
Short term timing differences	-	(5,000)
	<u>61,000</u>	<u>42,000</u>

17. Commitments under operating leases

At 31 July 2006 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2006	2005
	£	£
Operating leases which expire:		
Within two to five years	<u>11,244</u>	<u>1,573</u>

18. Contingencies

The company has entered into an unlimited guarantee arrangement in respect of the bank facilities of its principal subsidiary company.

19. Related party transactions

The company has traded with its principal subsidiary company on normal commercial terms during the year.

20. Share capital

Authorised

	2006	2005
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	100,000	100,000	100,000	100,000

21. Revaluation reserve

	2006	2005
	£	£
Balance brought forward	832,536	863,395
Transfer to the profit and loss account	(35,885)	(30,859)
Balance carried forward	<u>796,651</u>	<u>832,536</u>

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2006

22. Profit and loss account

	2006	2005
	£	£
Balance brought forward	289,623	185,565
Retained profit for the financial year	17,542	73,199
Transfer from revaluation reserve	35,885	30,859
Balance carried forward	<u>343,050</u>	<u>289,623</u>

23. Capital commitments

The directors have confirmed that there were no capital commitments at 31 July 2006 or 31 July 2005.

24. Ultimate parent company

The company's parent company is Pland Holdings Limited.