

Company registration number 4008116

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PLAND STAINLESS LIMITED
REPORT AND ACCOUNTS
31 JULY 2005



PLAND STAINLESS LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 JULY 2005

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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
Auditors	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 2005

The directors present their report and the accounts of the company for the year ended 31 July 2005.

Principal activity

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

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.

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those 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 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.

Auditors

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

Small company exemptions

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 13 October 2005 and signed on its behalf by:



J M Haigh
Director

PLAND STAINLESS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Pland Stainless Limited for the year ended 31 July 2005 on pages 4 to 13 , which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 7 to 8.

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

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

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the 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 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 transactions with the company 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

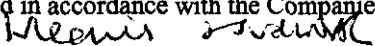
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements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

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 July 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

35 Westgate
Huddersfield
HD1 1PA


Wheawill & Sudworth
Chartered Accountants & Registered Auditors

13 October 2005

PLAND STAINLESS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JULY 2005

	Note	2005 £	2004 £
Turnover	2	2,916,696	2,802,797
Cost of sales		<u>(1,530,327)</u>	<u>(1,492,836)</u>
Gross profit		1,386,369	1,309,961
Administrative expenses		<u>(1,245,992)</u>	<u>(1,245,578)</u>
Other operating income	3	<u>55,257</u>	<u>60,710</u>
Operating profit	4	195,634	125,093
Amounts written off investments		<u>(25,469)</u>	<u>—</u>
Income from shares in group undertakings		—	52,000
Interest payable and similar charges	6	<u>(67,817)</u>	<u>(64,659)</u>
Profit on ordinary activities before taxation		102,348	112,434
Tax on profit on ordinary activities	7	<u>(29,149)</u>	<u>2,103</u>
Retained profit for the financial year		<u>73,199</u>	<u>114,537</u>

The notes on pages 7 to 13 form part of these accounts.

PLAND STAINLESS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 JULY 2005

	2005	2004
	£	£
Profit for the financial year	73,199	114,537
Unrealised profit on revaluation of certain fixed assets	—	223,060
Total gains and losses recognised for the year	<u>73,199</u>	<u>337,597</u>

The notes on pages 7 to 13 form part of these accounts.

PLAND STAINLESS LIMITED


BALANCE SHEET

31 JULY 2005


	Note	2005 £	2004 £
Fixed assets			
Tangible assets	8	1,479,867	1,575,129
Investments	9	355,991	381,460
		<u>1,835,858</u>	<u>1,956,589</u>
Current assets			
Stocks		443,813	431,795
Debtors	10	744,880	690,371
Cash at bank and in hand		2,122	14,343
		<u>1,190,815</u>	<u>1,136,509</u>
Creditors: Amounts falling due within one year	11	<u>(1,294,676)</u>	<u>(1,278,256)</u>
Net current liabilities		<u>(103,861)</u>	<u>(141,747)</u>
Total assets less current liabilities		<u>1,731,997</u>	<u>1,814,842</u>
Creditors: Amounts falling due after more than one year	12	<u>(467,838)</u>	<u>(618,382)</u>
Provisions for liabilities and charges			
Deferred taxation	16	<u>(42,000)</u>	<u>(47,500)</u>
Net assets		<u>1,222,159</u>	<u>1,148,960</u>
Capital and reserves			
Share capital	20	100,000	100,000
Revaluation reserve	21	832,536	863,395
Profit and loss account	22	289,623	185,565
Shareholders' funds		<u>1,222,159</u>	<u>1,148,960</u>

The report and accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective June 2002).

The report and accounts were approved by the board on 13 October 2005 and are signed on its behalf by:



J D Cochrane
Director



J M Haigh
Director

The notes on pages 7 to 13 form part of these accounts.

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2005

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 June 2002).

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.

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.

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2005

1. Accounting policies *(continued)*

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% (2004: 3%).

3. Other operating income

	2005	2004
	£	£
Rent receivable	7,257	6,710
Management charges receivable	48,000	54,000
	<u>55,257</u>	<u>60,710</u>

4. Operating profit

Operating profit is stated after charging:

	2005	2004
	£	£
Directors' emoluments	275,327	206,960
Depreciation of tangible fixed assets:		
- owned assets	98,463	81,565
- assets held under hire purchase agreements	21,296	13,600
Auditors' fees	<u>6,500</u>	<u>6,750</u>

5. Directors' pension schemes

One director is accruing benefits under a money purchase pension scheme.

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2005

6. Interest payable and similar charges

	2005 £	2004 £
Interest payable on bank loans and overdrafts	36,069	38,719
Hire purchase and finance lease charges	9,955	6,236
Invoice finance interest	21,793	19,704
	<u>67,817</u>	<u>64,659</u>

7. Tax on profit on ordinary activities

	2005 £	2004 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2004 - 19%)	34,700	6,400
Prior year adjustment - Corporation tax	(51)	-
Total current tax	<u>34,649</u>	<u>6,400</u>
Deferred tax:		
Decrease in deferred tax provision (note 16)		
Capital allowances	(5,500)	(8,503)
Tax on profit on ordinary activities	<u>29,149</u>	<u>(2,103)</u>

8. Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Computer Equipment £	Total £
Cost or valuation					
At 1 August 2004	1,000,000	734,868	73,723	34,059	1,842,650
Additions	-	16,938	-	7,559	24,497
At 31 July 2005	<u>1,000,000</u>	<u>751,806</u>	<u>73,723</u>	<u>41,618</u>	<u>1,867,147</u>
Depreciation					
At 1 August 2004	1,667	207,378	33,871	24,605	267,521
Charge for the year	20,000	75,180	14,174	10,405	119,759
At 31 July 2005	<u>21,667</u>	<u>282,558</u>	<u>48,045</u>	<u>35,010</u>	<u>387,280</u>
Net book value					
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>
At 31 July 2004	<u>998,333</u>	<u>527,490</u>	<u>39,852</u>	<u>9,454</u>	<u>1,575,129</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 £1,479,867 is £245,850 (2004 - £267,146) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of such assets amounted to £21,296 (2004 - £13,600).

PLAND STAINLESS LIMITED**NOTES TO THE REPORT AND ACCOUNTS****YEAR ENDED 31 JULY 2005****9. Investments****Fixed Asset Investments**

	£
Cost	
At 1 August 2004 and 31 July 2005	<u>381,460</u>
Amounts written off	
Written off in year	<u>25,469</u>
At 31 July 2005	<u>25,469</u>
Net book value	
At 31 July 2005	<u>355,991</u>
At 31 July 2004	<u>381,460</u>

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

	2005 £	2004 £
Aggregate capital and reserves		
Associated Metal (Stainless) Limited	355,991	387,461
Santric Limited (dormant)	<u>100</u>	<u>100</u>
Profit and (loss) for the year		
Associated Metal (Stainless) Limited	(31,470)	56,587
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

	2005 £	2004 £
Trade debtors	584,738	568,674
Amounts owed by group undertakings	101,605	66,586
Prepayments and accrued income	<u>58,537</u>	<u>55,111</u>
	<u>744,880</u>	<u>690,371</u>

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

PLAND STAINLESS LIMITED**NOTES TO THE REPORT AND ACCOUNTS****YEAR ENDED 31 JULY 2005****11. Creditors: Amounts falling due within one year**

	2005	2004
	£	£
Bank loan	100,000	100,000
Trade creditors	339,644	366,313
Amounts owed to group undertakings	160,100	160,100
Invoice discounting facilities	242,221	215,029
Corporation tax	34,700	6,400
Other taxes and social security	140,874	141,760
Obligations under hire purchase contracts	50,545	51,498
Other creditors	5,364	5,820
Accruals and deferred income	221,228	231,336
	<u>1,294,676</u>	<u>1,278,256</u>

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

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

	2005	2004
	£	£
Bank loan	358,056	458,056
Obligations under hire purchase contracts	109,782	160,326
	<u>467,838</u>	<u>618,382</u>

Included within creditors falling due after more than one year is an amount of £Nil (2004 - £58,056) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

13. Loans and borrowings**Analysis of loans**

Invoice discounting facilities	242,221	215,029
Bank loan	458,056	558,056
Obligations under hire purchase contracts and finance leases	160,327	211,824
	<u>860,604</u>	<u>984,909</u>

Maturity of debt

Within one year or less, or on demand	342,221	315,029
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	258,056	300,000
In more than five years	—	58,056
	<u>700,277</u>	<u>773,085</u>

PLAND STAINLESS LIMITED

NOTES TO THE REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2005

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 £18,117 (2004: £11,398).

15. Secured liabilities

	2005 £	2004 £
Aggregate amount of secured liabilities	<u>860,604</u>	<u>984,909</u>

16. Deferred taxation

	2005 £	2004 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	47,500	56,003
Profit and loss account movement	(5,500)	(8,503)
Provision carried forward	<u>42,000</u>	<u>47,500</u>

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

	2005 £	2004 £
Accelerated capital allowances	<u>42,000</u>	<u>47,500</u>
	<u>42,000</u>	<u>47,500</u>

17. Commitments under operating leases

At 31 July 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	2005 £	2004 £
Operating leases which expire:		
Within two to five years	<u>1,573</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.

PLAND STAINLESS LIMITED**NOTES TO THE REPORT AND ACCOUNTS****YEAR ENDED 31 JULY 2005****20. Share capital****Authorised**

	2005	2004
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid

	2005		2004
	No	£	No
	100,000	100,000	100,000
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

21. Revaluation reserve

	2005	2004
	£	£
Balance brought forward	863,395	640,335
Revaluation of fixed assets	–	223,060
Transfer to the profit and loss account	<u>(30,859)</u>	<u>–</u>
Balance carried forward	<u>832,536</u>	<u>863,395</u>

22. Profit and loss account

	2005	2004
	£	£
Balance brought forward	185,565	71,028
Retained profit for the financial year	73,199	114,537
Transfer from revaluation reserve	<u>30,859</u>	<u>–</u>
Balance carried forward	<u>289,623</u>	<u>185,565</u>

23. Capital commitments

The directors have confirmed that there were no capital commitments at 31 July 2005 or 31 July 2004.

24. Ultimate parent company

The company's parent company is Pland Holdings Limited.