

# Report & Accounts 2011



## Shepherd Industries Limited and Subsidiaries

Company Number 06932599

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# **SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES**

## **REPORT OF THE DIRECTORS**

The directors submit their report together with the consolidated accounts for the year ended 30 June 2011 together with the balance sheet of the company as at that date.

### **Results**

The results for the year are set out in the profit and loss account on page 5

### **Dividend**

A dividend of £10,000,000 has been proposed and paid in respect of the current year (2010 £nil)

### **Directors**

The directors who served during the year were as follows

Mr S Price (Chairman)  
Mr C L Brown

### **Principal Activities and Review of the Business**

The group's principal activity is the development, manufacture and installation and commissioning of

- Factory-engineered buildings for sale and hire under the Portakabin and Yorkon brands
- Secure equipment housings under the Portastor brand
- Bulk storage and handling equipment under the Portasilos Bulk Handling brand

The business monitors itself against a number of performance indicators. Some of these key indicators are as follows

<u>Financial Measures</u>	<u>2010/11</u>	<u>2009/10</u>	<u>Comment</u>
Turnover	£199.8m	£204.4m	2% reduction
EBITDA before exceptional item	£42.1m	£41.3m	2% improvement
Operating Profit before exceptional item	£26.6m	£24.1m	10% improvement
Profit Before Tax	£31.3m	£24.0m	30% improvement
ROCE % *	23.3%	18.5%	26% improvement
Cash	£39.7m	£26.1m	52% improvement

\* capital employed excludes cash balances

Market conditions have remained challenging during this financial year, however the business has continued to perform well. Despite a 2% fall in turnover, operating profit before exceptional items increased by 10% to £26.6m. Particularly pleasing in the year was the growth and improvement in profitability in our Konstrukta Hire and Continental European operations within the Portakabin Group.

As part of a Group restructuring exercise, on 31st December 2010 Shepherd Park and Leisure Homes Limited was sold by Shepherd Industries Limited to its parent company, Shepherd Building Group Limited, at a value equal to its original cost. This generated an exceptional gain of £4.5m.

In times when financial security is becoming more important to customers, the increase in our cash position to £39.7m and shareholders' funds to £153.7m also provides reassurance as to our ability to deliver, and is proving to be a competitive advantage.

The economic conditions and concerns around the government's deficit reduction programme remain the most significant risks to the business performance. However, the company remains in a market leading position based on our quality product and services. Supported by a strong balance sheet, our proposition continues to be attractive to our target markets.

# **SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES**

## **REPORT OF THE DIRECTORS**

### **Employees**

The company communicates with its employees through regular workplace briefings and newsletters. Consultation with staff on all matters of employment is through elected bodies, and with the Works Council on matters relating to pay and conditions for hourly paid employees. General issues of productivity, quality, output and safety, are dealt with through the Joint Productivity and Consultative Committee. There are incentive schemes in place, based on productivity measures, and company and individual performance against set goals.

The company's policy is that disabled people are given the same opportunities in respect of employment, training, career development and promotion as those who are not disabled, subject only to the demands of the company's operations and the abilities of disabled people to fulfil such demands. The Company accommodates those employees who, as a result of accident, injury or deterioration in health become disabled during their employment, and offers training for alternative job opportunities.

### **Environmental Policy**

The company takes its commitment to good environmental practice very seriously. Our manufacturing site in the UK has successfully renewed its ISO14001 accreditation during the year, and the Portakabin Group manufacturing facility in France has also achieved accreditation. In the current year we recycled 90% of waste, avoiding a significant amount of waste being sent to landfill. The business has also satisfied its reporting requirements relating to the new Carbon Reduction Commitment legislation.

### **Provision of Information to Auditors**

The directors who held office at the date of approval of this director's report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all steps that they ought to have taken as a director, to make themselves aware of any relevant audit information, and to establish that the company's auditors are aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



**P J Clarke**

*Secretary*

28 March 2012

Huntington House

Jockey Lane

Huntington

York YO32 9XW

Registered in England under Number 6932599

## **SHEPHERD INDUSTRIES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 they have elected to prepare the Group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 Group and parent company and of their profit or loss for that period

In preparing each of the Group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHEPHERD INDUSTRIES LIMITED**

We have audited the financial statements of Shepherd Industries Limited for the year ended 30 June 2011 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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, and express an opinion on, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK 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.

### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



**R.I. Moffatt (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
*1 The Embankment, Leeds, LS1 4DW*

28 March 2012

# SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES

## Consolidated Profit and Loss Account

for the year ended 30 June 2011

	Note	2011 £'000	2010 £'000
<b>Turnover</b>		<b>199,773</b>	204,360
Costs and Overheads less Other Income	2	<b>(173,148)</b>	(180,253)
<b>Operating Profit before Exceptional Item</b>		<b>26,625</b>	24,107
Exceptional Item	3	<b>4,511</b>	-
<b>Operating Profit after Exceptional Item</b>		<b>31,136</b>	24,107
Interest	4	<b>195</b>	(104)
<b>Profit on Ordinary Activities Before Taxation</b>		<b>31,331</b>	24,003
Taxation	6	<b>(7,078)</b>	(6,911)
<b>Profit for the Financial Year</b>		<b>24,253</b>	17,092

## Statement of Total Recognised Gains and Losses

for the year ended 30 June 2011

	2011 £'000	2010 £'000
<b>Profit for the Financial Year (see above)</b>	<b>24,253</b>	17,092
Foreign currency differences arising on retranslation of overseas investments	<b>1,670</b>	(640)
<b>Total Gains Recognised Since Last Annual Report</b>	<b>25,923</b>	16,452

# SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES

## Consolidated Balance Sheet

as at 30 June 2011

	Note	2011 £'000	2010 £'000
<b>Fixed Assets</b>			
Intangible assets	8	3,677	7,106
Tangible assets	9	101,741	108,120
<b>Total Fixed Assets</b>		<b>105,418</b>	<b>115,226</b>
<b>Current Assets</b>			
Stocks	11	15,435	18,126
Debtors	12	49,616	49,377
Cash at bank and short term deposits		39,660	26,069
<b>Total Current Assets</b>		<b>104,711</b>	<b>93,572</b>
<b>Creditors</b>			
Due within one year	13	(49,414)	(53,574)
<b>Net Current Assets</b>		<b>55,297</b>	<b>39,998</b>
<b>Total Assets less Current Liabilities</b>		<b>160,715</b>	<b>155,224</b>
<b>Creditors due after more than one year</b>	14	-	(10,000)
<b>Provision for Liabilities</b>			
Deferred taxation	15	(7,052)	(7,484)
<b>NET ASSETS</b>		<b>153,663</b>	<b>137,740</b>
<b>Capital and Reserves</b>			
Called up share capital	16	2,372	2,372
Profit and loss account	17	151,291	135,368
<b>SHAREHOLDERS' FUNDS</b>	17	<b>153,663</b>	<b>137,740</b>

Signed on behalf of the Board

*S. Price*

**S Price**  
Chairman  
28 March 2012

*C L Brown*

**C L Brown**  
Finance Director  
28 March 2012

Company number 06932599



# SHEPHERD INDUSTRIES LIMITED

## Parent Company Balance Sheet

as at 30 June 2011

	Note	2011 £'000	2010 £'000
<b>Fixed Assets</b>			
Tangible assets	9	3,624	-
Investment in subsidiary companies	10	7,372	20,813
<b>Total Fixed Assets</b>		<b>10,996</b>	<b>20,813</b>
<b>Current Assets</b>			
Debtors	12	-	40
Cash at bank and short term deposits		9,905	1,465
<b>Total Current Assets</b>		<b>9,905</b>	<b>1,505</b>
<b>Creditors</b>			
Due within one year	13	(11)	-
<b>Net Current Assets</b>		<b>9,894</b>	<b>1,505</b>
<b>Total Assets less Current Liabilities</b>		<b>20,890</b>	<b>22,318</b>
<b>Creditors due after more than one year</b>	14	-	(10,000)
<b>NET ASSETS</b>		<b>20,890</b>	<b>12,318</b>
<b>Capital and Reserves</b>			
Called up share capital	16	2,372	2,372
Profit and loss account	17	18,518	9,946
<b>SHAREHOLDERS' FUNDS</b>	17	<b>20,890</b>	<b>12,318</b>

Signed on behalf of the Board

*S. Price*

**S Price**  
Chairman  
28 March 2012

*C L Brown*

**C L Brown**  
Finance Director  
28 March 2012

Company number 06932599

# **SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES**

## **Notes on the Accounts**

for the year ended 30 June 2011

### **1 ACCOUNTING POLICIES**

#### **Basis of preparation**

The accounts have been prepared in accordance with applicable UK accounting standards and using the historical cost convention

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent company (Shepherd Building Group Limited) includes the company in its own published consolidated financial statements

Group accounts are prepared by the ultimate parent company, Shepherd Building Group Limited, a company incorporated in the United Kingdom. The consolidated accounts of Shepherd Building Group Limited are available to the public and may be obtained from Companies House

As permitted by paragraph 3 of FRS 8 (Related Party Transactions), transactions with related group entities are not disclosed

#### **Basis of consolidation**

These accounts consolidate the accounts of Shepherd Industries Limited and all of its subsidiary companies. The results of businesses acquired during the year are consolidated from the date of acquisition. The results of businesses disposed of during the year are included up to the date of disposal. A list of the names of principal subsidiaries is shown in note 10 on the accounts

Uniform accounting policies are followed throughout the group and the accounts of subsidiary companies are all prepared up to 30 June each year

No profit and loss account is presented for Shepherd Industries Limited itself as provided by section 408 (3) of the Companies Act 2006

#### **Turnover**

Turnover is recognised (excluding value added tax) as follows

- Sales contracts (other than long-term sales contracts) the sales value of products delivered is recognised on practical completion
- Long-term sales contracts turnover is recognised at cost appropriate to the stage of completion of the contract, plus attributable profit less amounts recognised in previous years
- Rental income recognised in the period the rental relates to

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged, at the rate of exchange under the related forward currency contract or applicable hedging instrument

Realised differences on exchange are dealt with through the profit and loss account together with unrealised differences arising from trading transactions. Unrealised differences on exchange arising from investment in foreign subsidiary companies are dealt with through reserves

The profit and loss accounts of foreign subsidiary companies are translated into sterling at the average rate for the year and their Balance Sheets are translated at the closing market rates ruling at the balance sheet date

#### **Depreciation of fixed assets**

Depreciation is provided against the original cost of all fixed assets except freehold land. Provision is made by way of equal annual instalments over the estimated useful lives of the assets, which are mainly as follows

Buildings	50 years
Hire fleet, plant, equipment and vehicles	2 to 10 years

# **SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES**

## **Notes on the Accounts**

for the year ended 30 June 2011

### **Stock and work-in-progress**

Stock and work-in-progress are valued at the lower of cost and net realisable value. The value of work-in-progress and finished goods includes production costs and other appropriate overheads which are attributable to the stage of manufacture which has been reached.

### **Revenue fittings**

Where client specified items are incorporated into hire fleet units, the cost of those items are charged to the profit and loss account on a straight line basis over the period of the initial hire contract. Any such costs which have not yet been charged to the profit and loss account at the balance sheet date are included in debtors.

### **Amounts recoverable on long term contracts**

Amounts recoverable under long term contracts are included in debtors at cost incurred plus attributable profit, less foreseeable losses and after deducting cash received on account.

Where cash received on individual contracts exceeds the value attributed to that contract, the difference is included in creditors.

### **Intangible assets**

Expenditure on research and development, patents and trademarks is written off in the year in which it is incurred.

Goodwill, being the excess of the fair value of consideration paid for acquired businesses over the fair value of net assets acquired, is capitalised and amortised over its useful economic life. Goodwill is immediately written off to the profit and loss account to the extent that the balance sheet carrying value or the value written off directly to reserves exceeds the recoverable amount.

### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Where appropriate the liability has been discounted to reflect the time value of money.

### **Pensions**

The Group companies participate in a Shepherd Group pension scheme providing benefits on both a final salary and defined contribution basis. The Group is unable to reliably identify its share of the underlying assets and liabilities of the scheme and therefore, as required by FRS 17 (Retirement benefits), accounts for the scheme as if it were a defined contribution scheme. In addition the company makes contributions on behalf of eligible employees to external defined contribution schemes. In respect of all of these pension arrangements the amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the relevant period.

# SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES

## Notes on the Accounts

for the year ended 30 June 2011

### 2 COSTS AND OVERHEADS LESS OTHER INCOME

	2011 £'000	2010 £'000
Change in stocks of finished goods and work in progress	719	(262)
Own work capitalised	(12,042)	(5,058)
Other operating income	(2,448)	(1,120)
Raw materials and consumables	38,561	39,477
Employment costs (see note 5)	59,109	61,169
Depreciation and amortisation	15,248	17,114
Auditor's fees	164	139
- for audit work		
- for tax advice	5	37
- for other work	-	12
Research and development	990	743
Other external and operating charges	72,842	68,002
	<b>173,148</b>	<b>180,253</b>

### 3 EXCEPTIONAL ITEM

As part of a Group restructuring exercise on 31st December 2010, Shepherd Park and Leisure Homes Ltd was sold by Shepherd Industries Ltd to its parent company Shepherd Building Group Ltd at a value equal to its original cost of £8.4m. This generated an exceptional gain of £4.5m on the book value of the net assets disposed.

### 4 INTEREST

	2011 £'000	2010 £'000
Interest receivable on cash and short term deposits	8	11
Other loan and overdraft interest payable	(505)	(322)
Other interest receivable	692	207
Net Interest receivable	<b>195</b>	<b>(104)</b>

### 5 DIRECTORS AND EMPLOYEES

	2011 £'000	2010 £'000
Employment costs		
Wages and Salaries	49,501	51,331
Social security costs	6,424	6,386
Other pension costs	3,184	3,452
	<b>59,109</b>	<b>61,169</b>

No director received any remuneration from the company or its subsidiaries during the year. The directors of Shepherd Industries Limited are employees of its ultimate parent company and receive their emoluments in that capacity.

The average number of employees during the year was 1,668 (2010 - 1,717).

# SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES

## Notes on the Accounts

for the year ended 30 June 2011

### 6 TAXATION

	2011	2010
	£'000	£'000
<b>i) Analysis of charge for the year</b>		
Current tax		
UK tax	7,381	7,299
Overseas Tax	254	143
Adjustment relating to previous years	(171)	(209)
<b>Total current tax (note 6(ii))</b>	<b>7,464</b>	<b>7,233</b>
Deferred tax		
Origination and reversal of timing differences	(444)	(520)
Decrease in discount	58	198
<b>Total deferred tax</b>	<b>(386)</b>	<b>(322)</b>
<b>Tax on profit on ordinary activities</b>	<b>7,078</b>	<b>6,911</b>

### ii) Factors affecting tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (27.5%)  
The differences are explained below

	2011	2010
	£'000	£'000
Profit on ordinary activities before tax	31,331	24,003
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 27.5% (2010 - 28.0%)	8,616	6,721
Effects of		
Movements in provisions and expenses not deductible for tax purposes	(285)	(255)
Capital allowances less than depreciation	443	682
Tax loss offset	(29)	-
Overseas tax rate in excess of UK rate	16	150
Impairment and amortisation of goodwill	114	146
Adjustment to tax charge in respect of previous periods	(171)	(209)
Non taxable gain on sale of subsidiary	(1,240)	-
Other	-	(2)
<b>Current tax charge for the year (note 6(i))</b>	<b>7,464</b>	<b>7,233</b>

### 7 DIVIDENDS

	2011	2010
	£'000	£'000
Dividend paid	10,000	-

A final dividend of £10,000,000 was proposed and paid in respect of the year to 30 June 2011 (30 June 2010 - £nil)

# SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES

## Notes on the Accounts

for the year ended 30 June 2011

### 8 INTANGIBLE FIXED ASSETS

	2011 £'000	2010 £'000
<i>Cost</i>		
At 1 July	10,456	10,456
Disposal	(4,429)	-
Cost at 30 June	6,027	10,456
<i>Amortisation</i>		
At 1 July	3,350	2,827
Charge for the year	301	523
Disposal	(1,301)	-
Amortisation at 30 June	2,350	3,350
Closing Net Book Value at 30 June	3,677	7,106

### 9 TANGIBLE FIXED ASSETS

COMPANY	Land and Buildings £'000	2011 £'000
<i>Cost</i>		
At 1 July	-	-
Additions	3,630	3,630
At 30 June	3,630	3,630
<i>Depreciation</i>		
At 1 July	-	-
Charge for the year	6	6
At 30 June	6	6
Net Book Value at 30 June 2011	3,624	3,624
Net Book Value at 30 June 2010	-	-

# SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES

## Notes on the Accounts

for the year ended 30 June 2011

### 9 TANGIBLE FIXED ASSETS continued

GROUP	Land and buildings £'000	Plant and equipment £'000	2011 £'000	2010 £'000
<i>Cost</i>				
At 1 July	35,697	216,403	252,100	250,368
Additions	1,007	16,116	17,123	8,362
Disposals & transfers	(8,714)	(7,819)	(16,533)	(5,702)
Exchange and other adjustments	504	1,791	2,295	(928)
At 30 June	28,494	226,491	254,985	252,100
<i>Depreciation</i>				
At 1 July	12,196	131,784	143,980	132,522
Charge for the year	761	14,186	14,947	16,591
Disposals & transfers	(1,110)	(6,322)	(7,432)	(4,435)
Exchange and other adjustments	319	1,430	1,749	(698)
At 30 June	12,166	141,078	153,244	143,980
Net Book Value at 30 June 2011	16,328	85,413	101,741	108,120
Net Book Value at 30 June 2010	23,501	84,619	108,120	

The Disposals and transfers balance includes the effect of the sale of Shepherd Park and Leisure Homes Limited to Shepherd Building Group Limited on 31 December 2010

Land and buildings are predominantly freehold properties. Long leasehold premiums have a net book value of £291,000 (2010 - £277,000). Capital expenditure of the group contracted for but not provided at 30 June 2011 was £1,087,000 (2010 - £68,000).

### 10 INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2011 £'000	2010 £'000
Shares in subsidiaries	7,372	10,813
Loans to subsidiaries	-	10,000
	7,372	20,813

The company's principal subsidiaries at 30 June 2011 are shown below, all being wholly owned and incorporated in Great Britain except where otherwise stated. All shares held by Shepherd Industries Limited are ordinary shares, and where the shares are not directly owned by the parent company the company's name is inset.

#### Portakabin Limited

Foremans Relocatable Building Systems Limited

Konstrukta Hire Limited

Paton Plant Limited

Portakabin Allspace Limited (incorporated in the Republic of Ireland)

Portakabin BV (incorporated in The Netherlands)

Portakabin GmbH (incorporated in Germany)

Portakabin Modulaire SAS (incorporated in France)

Portakabin SAS (incorporated in France)

Yorkon Limited

#### Portasilo Limited

Portasilo Bulk Handling (Asia) Limited

Portasilo Bulk Handling (India) Private Limited (incorporated in India)

#### Portastor Limited

# SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES

## Notes on the Accounts

for the year ended 30 June 2011

### 11 STOCKS

	Group	
	2011	2010
	£'000	£'000
Raw materials and consumables	6,878	5,872
Work-in-progress and Finished Goods	8,557	12,254
	<b>15,435</b>	<b>18,126</b>

### 12 DEBTORS

	Company		Group	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade debtors	-	-	23,295	26,865
Amounts recoverable on contracts	-	-	1,572	2,877
Revenue Fittings	-	-	17,473	15,242
Corporation tax	-	21	306	243
Amounts due from group companies	-	19	861	259
Other debtors, prepayments and accrued income	-	-	6,109	3,891
	-	40	<b>49,616</b>	<b>49,377</b>

### 13 CREDITORS:

	Company		Group	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
<b>Due within one year:</b>				
Payments received on account	-	-	6,519	7,010
Trade creditors	-	-	19,179	16,506
Amounts due to group companies	-	-	779	334
Corporation tax	10	-	4,353	4,514
Other taxes and social security	1	-	4,456	5,453
Other creditors	-	-	57	171
Accruals and deferred income	-	-	14,071	19,586
	<b>11</b>	<b>-</b>	<b>49,414</b>	<b>53,574</b>

### 14 CREDITORS DUE AFTER MORE THAN ONE YEAR:

	Company		Group	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Loan from parent company	-	10,000	-	10,000
	-	10,000	-	10,000

The loan from the parent company was voluntarily repaid in July 2010



# SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES

## Notes on the Accounts

for the year ended 30 June 2011

### 15 PROVISION FOR DEFERRED TAXATION

	Group 2011 £'000	2010 £'000
Undiscounted provision for accelerated capital allowances	7,996	8,486
Discount	(944)	(1,002)
Discounted provision for deferred tax	7,052	7,484
Provision at 30 June 2010	7,484	7,806
Deferred tax credit in profit and loss account	(386)	(322)
Other deferred tax movements	(46)	-
Provision at 30 June 2011	7,052	7,484

### 16 SHARE CAPITAL

	2011 £'000	2010 £'000
<b>Authorised</b> 2,500,000 divided into ordinary shares of £1 each	2,500	2,500
<b>Allotted, called up and fully paid</b> 2,372,375 ordinary shares of £1 each	2,372	2,372

### 17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £'000	2011 Reserves £'000	Total £'000	2010 Total £'000
<b>Company</b>				
Opening position at 1 July 2010	2,372	9,946	12,318	-
Shares Issued	-	-	-	2,372
Profit for the financial year	-	72	72	9,946
Dividends received during year	-	8,500	8,500	-
Movement during the year	-	8,572	8,572	12,318
As at 30 June 2011	2,372	18,518	20,890	12,318
<b>Group</b>				
Opening position at 1 July 2010	2,372	135,368	137,740	121,288
Profit for the financial year	-	24,253	24,253	17,092
Dividends paid during year	-	(10,000)	(10,000)	-
Foreign exchange movement	-	1,670	1,670	(640)
Movement during the year	-	15,923	15,923	16,452
As at 30 June 2011	2,372	151,291	153,663	137,740

# SHEPHERD INDUSTRIES LIMITED and SUBSIDIARIES

## Notes on the Accounts

for the year ended 30 June 2011

### 18 PENSIONS

During the year, the Group's employees (where eligible) were members of a Shepherd Group pension scheme providing benefits on a defined contribution and, where applicable, defined benefits basis. The funds of the scheme are independent of the Group's finances and are administered by a Trustee. The defined benefit sections of the scheme were closed to future accrual on 30 June 2011.

The Group is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, and therefore as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for as if it were entirely a defined contribution scheme.

The latest full actuarial valuation was carried out at 31 December 2009 which indicated a deficit of £25m, measured at a Shepherd Group level. A recovery plan, including monthly payment of deficit contributions has been agreed with the Trustee and has been filed with the Pensions Regulator.

In addition to employer contributions to members' defined contribution accounts and the agreed Group deficit contributions, the Group will be making a further contribution to the fund of 2% of pensionable pay for all members of the group scheme to cover administration costs and life assurance in 2011/12.

Additionally, as required by FRS17, a separate valuation as at 30 June 2011 has been undertaken by an independent qualified actuary. This valuation on the FRS 17 basis showed a small surplus in the scheme. Full details of the FRS 17 valuation are disclosed within the financial statements of Shepherd Building Group Limited.

The Group also makes payments on behalf of eligible employees to third party schemes, all of which provide benefits on a defined contribution basis.

The pension charge for the period can be analysed as follows:

	Defined Benefit Arrangements		Defined Contribution Arrangements	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Standard employer contributions	1,282	1,132	1,596	1,940
Salary sacrifice contributions	90	87	281	293
<b>Total</b>	<b>1,372</b>	<b>1,219</b>	<b>1,877</b>	<b>2,233</b>

### 19 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The principal banking facilities of the Group are covered by multilateral guarantees by the company and its subsidiaries. Guarantees and counter-indemnities have also been given by certain subsidiary companies in the normal course of business for the due performance of contracts. No liability is expected to arise under any of the above undertakings.

At 30 June 2011 the Group had the following annual commitments under operating leases:

	2011		2010	
	Property	Other	Property	Other
	£'000	£'000	£'000	£'000
Operating leases expiring				
Within one year	207	203	248	166
In two to five years	730	686	541	287
In more than five years	2,189	25	2,104	3
	<b>3,126</b>	<b>914</b>	<b>2,893</b>	<b>456</b>