

Forfab Limited

Directors' report and financial statements

for the year ended 31 March 2011

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COMPANIES HOUSE

Forfab Limited

Company Information

Directors

R J MacGregor
W Hamilton
A B Mair
S Murray
J Murray

Company number

SC087933

Registered office

In-Spec House
Wellheads Drive
Aberdeen
AB21 7GQ

Auditors

Ernst & Young LLP
Barony House
Stoneyfield Business Park
Inverness
IV2 7PA

Bankers

Bank of Scotland
3/5 Albyn Place
Aberdeen
AB10 1PY

Solicitors

Stronachs
34 Albyn Place
Aberdeen
AB10 1FW

Forfab Limited

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Forfab Limited

**Directors' report
for the year ended 31 March 2011**

The directors present their report and the financial statements for the year ended 31 March 2011.

Principal activities

Forfab specialises in stainless and mild steel fabrication and component manufacturing. These include the design and build of pressure vessels as well as the execution of skid mounted process equipment. The company's core markets include oil and gas, petrochemical, nuclear and pharmaceutical.

Business review

The trade and liabilities of Forfab Limited were hived up into Isleburn Limited on 1 October 2010.

Results

The profit for the year, after taxation, amounted to £1,315,278 (2010 - loss £3,351,856).

Directors

The directors who served during the year were:

R J MacGregor
W Hamilton
A B Mair
S Murray
J Murray

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21 December 2011 and signed on its behalf.



R J MacGregor
Director

**Statement of directors' responsibilities
for the year ended 31 March 2011**

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 elected to prepare 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 judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

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

Forfab Limited

Independent auditors' report to the members of Forfab Limited

We have audited the financial statements of Forfab Limited for the year ended 31 March 2011, which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 21. 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).

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 Statement of directors' responsibilities, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2011 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.

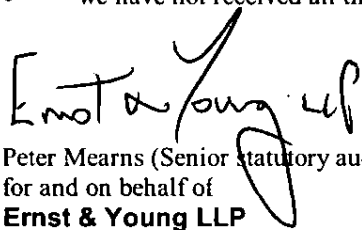
Forfab Limited

Independent auditors' report to the members of Forfab Limited

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Peter Mearns (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor

Date: 21 December 2011

Forfab Limited

**Profit and loss account
for the year ended 31 March 2011**

| | <i>Note</i> | <i>2011</i> £ | <i>2010</i> £ |
|---|-------------|------------------|------------------|
| Turnover | 1,2 | 4,848,448 | 12,343,228 |
| Cost of sales | | (4,306,076) | (12,194,006) |
| Gross profit | | 542,372 | 149,222 |
| Administrative expenses | | (512,211) | (2,885,547) |
| Operating profit/(loss) | 3 | 30,161 | (2,736,325) |
| Exceptional items | | | |
| Other exceptional items | 8 | 1,308,566 | (790,157) |
| Profit/(loss) on ordinary activities before interest | | 1,338,727 | (3,526,482) |
| Interest receivable and similar income | 6 | - | 25,680 |
| Interest payable and similar charges | 7 | (23,449) | (1,237) |
| Profit/(loss) on ordinary activities before taxation | | 1,315,278 | (3,502,039) |
| Tax on profit/(loss) on ordinary activities | 9 | - | 150,183 |
| Profit/(loss) for the financial year | 16 | 1,315,278 | (3,351,856) |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account.

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

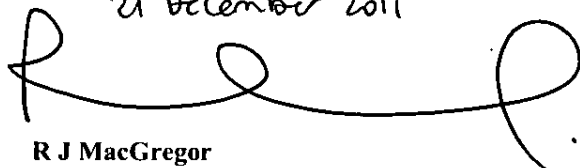
Forfab Limited
Registered number: SC087933

Balance sheet
as at 31 March 2011

| | <i>Note</i> | <i>£</i> | <i>2011</i> <i>£</i> | <i>£</i> | <i>2010</i> <i>£</i> |
|---|-------------|----------|-------------------------|--------------------|-------------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | - | | 791,891 |
| Current assets | | | | | |
| Stocks | 11 | - | | 214,399 | |
| Debtors | 12 | - | | 2,946,316 | |
| Cash in hand | | - | | 1,245 | |
| | | | | <u>3,161,960</u> | |
| Creditors: amounts falling due within one year | 13 | - | | <u>(5,226,843)</u> | |
| Net current | | | - | | (2,064,883) |
| Total assets less current liabilities | | | - | | (1,272,992) |
| Provisions for liabilities | | | | | |
| Deferred government grants | 14 | - | | | (42,286) |
| Net liabilities | | | - | | <u>(1,315,278)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 15 | | 47,500 | | 47,500 |
| Capital redemption reserve | 16 | | 2,500 | | 2,500 |
| Profit and loss account | 16 | | (50,000) | | (1,365,278) |
| Shareholders' deficit | 17 | | - | | <u>(1,315,278)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

21 December 2011



R J MacGregor
Director

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

**Notes to the financial statements
for the year ended 31 March 2011**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 (revised 1996) from including a statement of cash flows on the grounds that the company is wholly owned and its parent published group financial statements.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|-------------------|---------------------------|
| Freehold property | - 2% straight line |
| Plant & machinery | - 15-20% reducing balance |
| Motor vehicles | - 25% reducing balance |

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

**Notes to the financial statements
for the year ended 31 March 2011**

1. Accounting policies (continued)**1.8 Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

2. Turnover

All turnover arose within the United Kingdom.

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

| | 2011 £ | 2010 £ |
|--|---------------|----------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 49,181 | 298,694 |
| Auditors' remuneration | - | 10,000 |
| Operating lease rentals: | | |
| - other operating leases | - | 37,369 |
| | <u>49,181</u> | <u>346,063</u> |

The audit fee for the year was incurred by Isleburn Limited, a fellow subsidiary of Global Energy (Holdings) Limited.

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

| | 2011 £ | 2010 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,062,227 | 3,904,993 |
| Social security costs | 195,438 | 411,723 |
| Other pension costs | 74,039 | 56,001 |
| | <u>2,331,704</u> | <u>4,372,717</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2011 No. | 2010 No. |
|----------------------|-------------|-------------|
| Production staff | 70 | 74 |
| Administrative staff | 21 | 36 |
| | <u>91</u> | <u>110</u> |

Forfab Limited

**Notes to the financial statements
for the year ended 31 March 2011**

5. Directors' remuneration

| | <i>2011</i> | <i>2010</i> |
|---|---------------|----------------|
| | <i>£</i> | <i>£</i> |
| Emoluments | <u>98,500</u> | <u>192,802</u> |
| Company pension contributions to defined contribution pension schemes | <u>14,775</u> | <u>12,499</u> |

6. Interest receivable

| | <i>2011</i> | <i>2010</i> |
|----------------------------------|-------------|---------------|
| | <i>£</i> | <i>£</i> |
| Interest from group undertakings | <u>-</u> | <u>25,680</u> |

7. Interest payable

| | <i>2011</i> | <i>2010</i> |
|---|---------------|--------------|
| | <i>£</i> | <i>£</i> |
| Interest payable on bank borrowings and finance charges | <u>23,449</u> | <u>1,237</u> |

8. Exceptional items

| | <i>2011</i> | <i>2010</i> |
|-------------------------------|------------------|------------------|
| | <i>£</i> | <i>£</i> |
| Intercompany debt written off | <u>1,308,566</u> | <u>(790,157)</u> |

On 1 October 2010 the trade and liabilities of Forfab Limited were hived up into Isleburn Limited. All remaining intercompany balances were subsequently written off.

On 8 March 2010 the company was acquired by Global Energy (Holdings) Limited as the former parent company was placed into administration. As part of the acquisition deal all monies due to Forfab Limited by the former parent company were fully written off by the administrators and as a result are no longer recoverable.

Notes to the financial statements
for the year ended 31 March 2011

9. Taxation

| | 2011 £ | 2010 £ |
|---|-----------|-----------|
| Analysis of tax charge/(credit) in the year/period | | |
| Current tax (see note below) | | |
| Adjustments in respect of prior periods | - | (1,028) |
| Deferred tax | | |
| Origination and reversal of timing differences | - | (149,155) |
| Tax on profit/loss on ordinary activities | - | (150,183) |

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2010 - higher than) the standard rate of corporation tax in the UK of 28% (2010 - 28%). The differences are explained below:

| | 2011 £ | 2010 £ |
|---|-----------|-------------|
| Profit/loss on ordinary activities before tax | 1,315,278 | (3,502,039) |
| Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%) | 368,278 | (980,571) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | - | 259,818 |
| Capital allowances for year/period in excess of depreciation | 13,771 | 74,739 |
| Utilisation of tax losses | (12,559) | - |
| Adjustments to tax charge in respect of prior periods | - | (1,028) |
| Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment | (367,050) | - |
| Group relief surrendered | - | 260,504 |
| Unrelieved tax losses carried forward | - | 386,235 |
| Other differences leading to an increase (decrease) in the tax charge | (2,440) | (725) |
| Current tax charge/(credit) for the year/period (see note above) | - | (1,028) |

Factors that may affect future tax charges

There are no factors which may affect future tax charges.

Forfab Limited

**Notes to the financial statements
for the year ended 31 March 2011**

10. Tangible fixed assets

| | <i>Freehold property</i> £ | <i>Plant & machinery</i> £ | <i>Motor vehicles</i> £ | <i>Total</i> £ |
|-----------------------|-----------------------------------|---------------------------------------|----------------------------|-------------------|
| Cost | | | | |
| At 1 April 2010 | 896,065 | 1,590,953 | 324,805 | 2,811,823 |
| Transfers intra group | (896,065) | (1,590,953) | (324,805) | (2,811,823) |
| At 31 March 2011 | - | - | - | - |
| Depreciation | | | | |
| At 1 April 2010 | 321,855 | 1,386,663 | 311,414 | 2,019,932 |
| Charge for the year | - | 41,050 | 8,131 | 49,181 |
| Transfers intra group | (321,855) | (1,427,713) | (319,545) | (2,069,113) |
| At 31 March 2011 | - | - | - | - |
| Net book value | | | | |
| At 31 March 2011 | - | - | - | - |
| At 31 March 2010 | 574,210 | 204,290 | 13,391 | 791,891 |

11. Stocks

| | <i>2011</i> £ | <i>2010</i> £ |
|------------------|------------------|------------------|
| Raw materials | - | 2,320 |
| Work in progress | - | 212,079 |
| | - | 214,399 |

12. Debtors

| | <i>2011</i> £ | <i>2010</i> £ |
|------------------------------------|------------------|------------------|
| Trade debtors | - | 1,852,585 |
| Amounts owed by group undertakings | - | 1,021 |
| Other debtors | - | 395 |
| Prepayments and accrued income | - | 1,092,315 |
| | - | 2,946,316 |

Forfab Limited

**Notes to the financial statements
for the year ended 31 March 2011**

**13. Creditors:
Amounts falling due within one year**

| | <i>2011</i> | <i>2010</i> |
|---------------------------------------|-------------|-------------|
| | <i>£</i> | <i>£</i> |
| Bank loans and overdrafts | - | 1,222,632 |
| Trade creditors | - | 1,745,329 |
| Amounts owed to group undertakings | - | 550,998 |
| Other taxes and social security costs | - | 166,606 |
| Other creditors | - | 44,667 |
| Accruals and deferred income | - | 1,496,611 |
| | <hr/> | <hr/> |
| | - | 5,226,843 |
| | <hr/> | <hr/> |

14. Deferred Government Grants

| | <i>Provisions /</i> |
|----------------------------------|---------------------|
| | <i>£</i> |
| At 1 April 2010 | 42,286 |
| Transferred to fellow subsidiary | (42,286) |
| | <hr/> |
| At 31 March 2011 | - |
| | <hr/> |

The balance above relates to grants received for the purchase of land and buildings and plant and machinery.

The deferred government grants were transferred to Isleburn Limited in the current year.

15. Share capital

| | <i>2011</i> | <i>2010</i> |
|---|-------------|-------------|
| | <i>£</i> | <i>£</i> |
| Allotted, called up and fully paid | | |
| 47,500 Ordinary shares of £1 each | 47,500 | 47,500 |
| | <hr/> | <hr/> |

16. Reserves

| | <i>Capital redempt'n reserve</i> | <i>Profit and loss account</i> |
|---------------------|--|------------------------------------|
| | <i>£</i> | <i>£</i> |
| At 1 April 2010 | 2,500 | (1,365,278) |
| Profit for the year | - | 1,315,278 |
| | <hr/> | <hr/> |
| At 31 March 2011 | 2,500 | (50,000) |
| | <hr/> | <hr/> |

**Notes to the financial statements
for the year ended 31 March 2011**

17. Reconciliation of movement in shareholders' deficit

| | <i>2011</i> | <i>2010</i> |
|---------------------------------------|-------------|--------------------|
| | <i>£</i> | <i>£</i> |
| Opening shareholders' (deficit)/funds | (1,315,278) | 2,036,578 |
| Profit/(loss) for the year/period | 1,315,278 | (3,351,856) |
| Closing shareholders' deficit | <u>-</u> | <u>(1,315,278)</u> |

18. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £78,313 (2010: £45,036). Contributions totalling £nil (2010: £8,714) were payable to the fund at the balance sheet date and are included in creditors.

19. Operating lease commitments

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as follows:

| | <i>Land and buildings</i> | | <i>Other</i> | |
|----------------------------|---------------------------|-------------|--------------|-------------|
| | <i>2011</i> | <i>2010</i> | <i>2011</i> | <i>2010</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> |
| <i>Expiry date:</i> | | | | |
| Between 2 and 5 years | - | 70,000 | - | 40,216 |
| After more than 5 years | - | 25,000 | - | - |

20. Related party transactions

Forfab Limited is a wholly owned subsidiary of Global Energy (Holdings) Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with wholly owned subsidiaries of the Global Energy (Holdings) Limited group.

21. Controlling party

The ultimate parent undertaking is Global Energy (Holdings) Limited. It has included the company in its group financial statements, copies of which are available from its registered office at 19 Academy Street, Inverness, IV1 1JN.

The controlling party of Global Energy (Holdings) Limited is R J MacGregor.