

Cotton Steel Services Limited

**Directors' report and financial
statements**

Registered number 4164618

30 September 2006

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Officers and professional advisers

Directors

J S Barrett
P C Chasney

Secretary

T D Waters

Registered office

Barrett House
Cutler Heights Lane
Dudley Hill
Bradford
BD4 9HU

Bankers

HSBC Bank plc
33 Park Row
Leeds
LS1 1LD

Solicitors

Watson Burton
1 St James Gate
Newcastle Upon Tyne
NE99 1YQ

Accountants

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors present their annual report and the financial statements for the year ended 30 September 2006.

Principal activities

The company did not trade in the year.

Directors and directors' interests

The directors of the company who served throughout the year are shown on page 1.

Neither of the directors in office at the year end has any interest in the share capital of the company.

Mr J S Barrett and Mr P C Chasney are directors of the ultimate parent company, Barrett Steel Limited, and their interests in group companies are shown in the accounts of that company.

By order of the board



T D Waters
Secretary

Barrett House
Cutler Heights Lane
Dudley Hill
Bradford
BD4 9HU

19 January 2007

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 financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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;
- 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 company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Profit and loss account
for the year ended 30 September 2006

During the financial year and preceding year, the company did not trade and received no income, and incurred no expenditure. Consequently, during these years, the company made neither a profit nor a loss.

Balance Sheet
at 30 September 2006

	<i>Note</i>	2006 £	2005 £
Current assets			
Cash at bank and in hand		1	1
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	2	1	1
		<hr/>	<hr/>

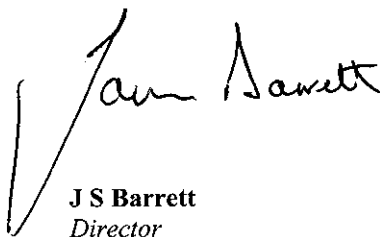
For the year ended 30 September 2006 the company was entitled to exemption under section 249 AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for :

- a) Ensuring the company keeps accounting records which comply with section 221;
- b) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the board of directors on 19 January 2007 and were signed on its behalf by:


J S Barrett
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption.

FRS 28 'Corresponding amounts' has not material effect as it imposes the same requirements for comparatives hitherto required by the Companies Act 1985.

Basis of accounting

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

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Barrett Steel Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

2 Called up share capital

	2006 £	2005 £
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Called up, allotted and fully paid 1 ordinary share of £1 each	1	1
	<hr/>	<hr/>

3 Contingent liabilities

The company is party to a multilateral-guarantee dated 15 January 2001 which secures all the borrowings of the group with HSBC Bank plc. At 30 September 2006, the maximum contingent liability arising under this guarantee was £7,000,000 (2005: £4,700,000).

4 Ultimate parent company

The company is a wholly owned subsidiary of Barrett Steel Limited, incorporated in Great Britain and registered in England and Wales which is also the ultimate parent company. Copies of the group financial statements of Barrett Steel Limited may be obtained from Companies House, Crown Way, Cardiff.