

Brigam Limited

Annual Report

Year ended 30 June 2008

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Company Information

Directors	S Sahota L A Sahota I R Whiting
Secretary	I R Whiting
Registered office	7 Blythe Way Solihull West Midlands B91 3EY
Registered number	4773051
Auditors	Grant Thornton UK LLP Chartered Accountants Enterprise House 115 Edmund Street Birmingham West Midlands B3 2HJ
Bankers	National Westminster Bank plc Bilston Branch 65 Church Street Bilston West Midlands WV14 0BF

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 June 2008.

Business review and principal activities

The principal activities of the group are the manufacture and installation of steel fabrications and fencing structures and the design and manufacture of hydraulic power units, manifold assemblies and control valves for mobile and industrial markets. On 31 October 2007, the group acquired the trade and certain assets of the steel fabrication business of Saint Gobain Pipelines plc. This business manufactures access covers and security products and is now trading as Steelway Brickhouse, a division of Steelway Fensecure Limited. The directors are not aware at the date of this report of any likely major changes in the group's activities in the next year.

The company's principal activity is that of a holding company.

In the year ended 30 June 2008, the group achieved sales of £18,348,816 (2007: £15,843,912), an increase of 16% (3% excluding the impact of the acquisition of Steelway Brickhouse) and operating profit of £1,180,674 (2007: 789,029). The directors aim to continue developing an industry leading business by investing in our people, products and facilities and measure the achievement of sales and operating profits.

Principal risks and uncertainties facing the group

The group continues to take steps to protect itself against the variability of steel and other raw material prices.

Financial instruments

The group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk.

The group does not have material exposures in any of the areas identified above and, consequently does not use derivative instruments to manage these exposures.

The group's principal financial instruments comprise sterling cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the group's financial instruments can be analysed as follows:

Price risk

The group has no significant exposure to securities price risk, as it holds no listed equity investments.

Foreign currency risk

The group is exposed in its trading operations to the risk of changes in foreign currency exchange rates. As the group both buys and sells goods within Europe the overall risk is not significant. The main foreign currency in which the company operates is the Euro.

Report of the Directors

(Continued)

Credit risk

The group's principal financial assets are bank balances, cash, and trade debtors, which represent the company's maximum exposure to credit risk in relation to financial assets.

The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The group's policy has been to ensure continuity of funding through acquiring an element of the group's fixed assets under finance leases, and arranging funding for operations via medium-term loans and additional revolving credit facilities to aid short-term flexibility.

Cash flow interest rate risk

The interest rate on the bank facilities is at market rate and the group's policy is to keep the liabilities within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The group's policy is to maintain major borrowings at fixed rates via interest rate swaps to fix the amount of future interest cash flows. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the group.

Dividends

No dividends have been paid in the year (2007: Nil) and the directors do not propose a final dividend for the year (2007: Nil)

Donations

Charitable donations made by the group during the year amounted to £230 (2007:£50). No political donations were made in the year (2007: Nil).

Directors

The present directors of the company are set out on page 1. All of the directors served throughout the year.

Report of the Directors

(Continued)

Statement of directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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
- 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 the financial statements comply with the Companies Act 1985. 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.

In so far as each of the directors is aware:

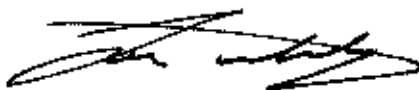
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Grant Thornton UK LLP ("Grant Thornton") are willing to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

Approval

The report of the directors was approved by the Board on 1 December 2008 and signed on its behalf by:



I R Whiting
Secretary

Report of the Independent Auditor to the Members of Brigam Limited

We have audited the financial statements of Brigam Limited for the year ended 30 June 2008 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the group and company reconciliation of shareholders' funds, the consolidated cash flow statement and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Report of the Independent Auditor to the Members of Brigam Limited

(Continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and the parent company as at 30 June 2008 and of the profit of the group for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
Birmingham, England

1 December 2008

Consolidated Profit and Loss Account

for the year ended 30 June 2008

	Note	2008 £	2007 £
Turnover - continuing operations			
Existing operations		16,303,708	15,843,912
Acquisitions		2,045,108	-
		<hr/>	<hr/>
Cost of sales	2	18,348,816 (13,257,652)	15,843,912 (11,688,317)
		<hr/>	<hr/>
Gross profit		5,091,164	4,155,595
Operating costs		(3,910,490)	(3,366,566)
		<hr/>	<hr/>
Operating profit – continuing operations			
Existing operations		979,270	789,029
Acquisitions		201,404	-
		<hr/>	<hr/>
Finance costs	3 4	1,180,674 (300,324)	789,029 (346,584)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		880,350	442,445
Tax on profit on ordinary activities	7	(263,085)	(133,373)
		<hr/>	<hr/>
Profit for the financial year	18	617,265	309,072
		<hr/>	<hr/>

A statement of total recognised gains and losses has not been prepared as there have been no such gains or losses other than the profit for the year.

Reconciliation of movements in Shareholders' Funds

for the year ended 30 June 2008

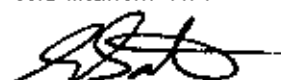
	2008 £	2007 £
Group		
Total recognised gains and losses relating to the year	617,265	309,072
	<hr/>	<hr/>
Increase in shareholders' funds	617,265	309,072
Opening shareholders' funds	525,723	216,651
	<hr/>	<hr/>
Closing shareholders' funds	1,142,988	525,723
	<hr/>	<hr/>
	2008 £	2007 £
Company		
Profit for the financial year	207,237	531,347
	<hr/>	<hr/>
Increase in shareholders' funds	207,237	531,347
Opening shareholders' funds	1,431,155	899,808
	<hr/>	<hr/>
Closing shareholders' funds	1,638,392	1,431,155
	<hr/>	<hr/>

Consolidated Balance Sheet

at 30 June 2008

	Note	2008 £	2007 £
Fixed assets			
Intangible assets	8	621,064	654,832
Tangible assets	9	2,392,583	2,366,256
		<hr/>	<hr/>
		3,013,647	3,021,088
		<hr/>	<hr/>
Current assets			
Stocks	11	1,701,330	1,722,558
Debtors	12	4,384,243	3,919,305
Cash at bank and in hand		165,297	7,441
		<hr/>	<hr/>
		6,250,870	5,649,304
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	13	(6,075,229)	(5,861,159)
		<hr/>	<hr/>
Net current assets/(liabilities)		175,641	(211,855)
		<hr/>	<hr/>
Total assets less current liabilities		3,189,288	2,809,233
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	14	(2,046,300)	(2,283,510)
		<hr/>	<hr/>
Net assets		1,142,988	525,723
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	17	100,000	100,000
Profit and loss account	18	1,042,988	425,723
		<hr/>	<hr/>
Equity shareholders' funds		1,142,988	525,723
		<hr/>	<hr/>

The financial statements were approved by the Board on 1 December 2008 and signed on its behalf by:



S Sahota
Director

Company Balance Sheet

at 30 June 2008

	Note	2008 £	2007 £
Fixed assets			
Investments in group undertakings	10	4,670,897	4,670,897
Current assets			
Debtors	12	57,517	27,888
Cash at bank and in hand		9,205	5,549
		<u>66,722</u>	<u>30,437</u>
Creditors: Amounts falling due within one year	13	(1,082,089)	(1,022,732)
Net current liabilities		<u>(1,015,367)</u>	<u>(992,295)</u>
Total assets less current liabilities		3,655,530	3,678,602
Creditors: Amounts falling due after more than one year	14	(2,017,138)	(2,247,447)
Net assets		<u>1,638,392</u>	<u>1,431,155</u>
Capital and reserves			
Called up share capital	17	100,000	100,000
Profit and loss account	18	1,538,392	1,331,155
Equity shareholders' funds		<u>1,638,392</u>	<u>1,431,155</u>

The financial statements were approved by the Board on 1 December 2008 and signed on its behalf by:



S Sahota
Director

Consolidated Cash Flow Statement

for the year ended 30 June 2008

	Note	2008 £	2007 £
Net cash inflow from operating activities	19	2,205,149	1,124,315
Returns on investment and servicing of finance			
Interest paid		(267,312)	(311,014)
Interest element of finance lease payments		(10,138)	(12,804)
		<u>(277,450)</u>	<u>(323,818)</u>
Taxation paid		(190,227)	(162,480)
Capital expenditure and financial investment			
Payments for tangible fixed assets		(104,700)	(36,513)
Receipts from sale of tangible fixed assets		400	4,250
		<u>(104,300)</u>	<u>(32,263)</u>
Acquisitions			
Purchase of subsidiary undertakings		(100,000)	(100,000)
Purchase of Steelway Brickhouse		(250,000)	-
		<u>(350,000)</u>	<u>(100,000)</u>
Net cash flow before financing		<u>1,283,172</u>	<u>505,754</u>
Financing			
Bank loan repayments		(458,165)	(342,380)
Loan notes		1,521	(346,186)
Invoice discounting		(596,869)	266,400
Capital element of finance lease payments		(71,803)	(85,615)
		<u>(1,125,316)</u>	<u>(507,781)</u>
Increase/(decrease) in cash	21	<u>157,856</u>	<u>(2,027)</u>

Notes to the Financial Statements

30 June 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of land and buildings. As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the financial statements.

Basis of consolidation

The group accounts consolidate the accounts of the company and all its subsidiary undertakings at 30 June using acquisition accounting. The results of subsidiary undertakings acquired or disposed of during a financial year are included from, or up to, the effective date of acquisition or disposal.

Goodwill

Goodwill is the excess of the cost of an acquired entity over the aggregate of the fair values of that entity's identifiable assets and liabilities.

Goodwill relating to acquisitions is shown in the balance sheet as an asset and is amortised evenly over its estimated useful economic life up to a presumed maximum of 20 years. In addition to systematic amortisation, the book value is written down to recoverable amount when any impairment is identified.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange ruling at 30 June. Exchange differences are taken to the profit and loss account.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied to third parties.

Research and development

All research and development expenditure is written off in the year in which it is incurred.

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the leases.

Investments

Investments in subsidiaries and participating interests are stated at cost less provision for impairment where necessary to reduce book value to recoverable amount. Other investments are stated at cost less any provision for permanent diminution in value. Cost is purchase price including acquisition expenses, but excluding any payment for accrued interest or fixed dividend entitlement.

Investment income is recognised on a receivable basis. Dividend income on UK investments is recorded net of tax credits.

Notes to the Financial Statements

30 June 2008

1. ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation

All land and buildings are included at valuation. Valuations are kept up-to-date. Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold buildings	2%
Plant and machinery	10 to 25%
Fixtures, fittings and equipment	10 to 33.3%
Motor vehicles	20 to 33.3%

Where there is evidence of impairment, fixed assets are written down to recoverable amount.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in-first-out basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Pensions

The companies within the group operate defined contribution pension schemes. The pension costs for these schemes represents contributions payable by the group in the year.

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 19 deferred tax is not provided on timing differences arising from:

- revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date;
- gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets; and
- fair value adjustment gains to fixed assets and stock to uplift prices to those ruling when an acquisition is made.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

Notes to the Financial Statements

30 June 2008

1. ACCOUNTING POLICIES (Continued)

Warranties

Provision is made for the estimated liability on all products still under warranty, including claims already received. The provision is based on past experience of claims arising in the warranty periods. The provision is not discounted, since the effect of the time value of money would be immaterial.

Invoice discounting

The company has an invoice discounting facility in place whereby debts are factored with recourse. Trade debtors are shown gross and the cash advances from the factor are shown within creditors. Under FRS 5 the factoring is viewed as being in substance, financing. For this reason, the cash received from the factor is treated as financing cash inflows in the cash flow statement and the financing creditor is included within net debt.

Dividend distribution

Dividend distributions are recognised as a liability in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when they are approved by the company's shareholders.

2. SEGMENTAL ANALYSIS

Analysis by class of business

The group operates in two principal areas of activity, the manufacture and installation of steel fabrications and fencing structures, and design and manufacture of hydraulic power units. Turnover is analysed by business segment below.

	Steel Fabrications and Fencing		Hydraulic Power Units		Total	
	2008 £	2007 £	2008 £	2007 £	2008 £	2007 £
Turnover-continuing operations						
Current year acquisitions	2,045,108	-	-	-	2,045,108	-
Other continuing operations	10,181,716	9,317,250	6,121,992	6,526,662	16,303,708	15,843,912
	<u>12,226,824</u>	<u>9,317,250</u>	<u>6,121,992</u>	<u>6,526,662</u>	<u>18,348,816</u>	<u>15,843,912</u>

Turnover analysed by geographical market

	2008 £	2007 £
Turnover by destination		
United Kingdom	16,607,296	14,259,840
Other EU countries	291,449	231,299
Rest of Europe	1,450,071	1,352,773
	<u>18,348,816</u>	<u>15,843,912</u>

Notes to the Financial Statements

30 June 2008

3. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting) for the group:

	2008 £	2007 £
Operating lease rentals		
- plant and machinery	27,120	19,635
- land and buildings	109,391	191,186
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the financial statements	2,500	2,500
Fees payable to the company's auditors for other services:		
- Audit of the financial statements of the company's subsidiaries	19,000	19,000
- Other services relating to taxation	6,000	6,000
Amortisation of goodwill	33,768	33,765
Depreciation of tangible fixed assets	235,505	233,536
Loss/(profit) on disposal of fixed assets	9,599	(1,781)

4. FINANCE COSTS

	2008 £	2007 £
Amortisation of finance costs	22,874	22,766
Interest payable on:		
Finance leases	10,138	12,804
Bank loans and overdrafts	230,502	271,251
Other loans	36,810	39,763
	300,324	346,584

Notes to the Financial Statements

30 June 2008

5. STAFF COSTS

Average monthly number of employees, including executive directors:

	2008 No.	2007 No.
Production	133	120
Selling and research	52	50
Administration	14	11
	<hr/>	<hr/>
	199	181
	<hr/>	<hr/>
	£	£
Staff costs, including executive directors:		
Wages and salaries	4,855,466	4,184,357
Social security costs	475,940	417,013
Other pension costs	139,136	110,627
	<hr/>	<hr/>
	5,470,542	4,711,997
	<hr/>	<hr/>

6. DIRECTORS' REMUNERATION

	2008 £	2007 £
Emoluments	235,738	149,037
Contributions to money purchase pension schemes	4,224	4,150
	<hr/>	<hr/>
	239,962	153,187
	<hr/>	<hr/>

One director accrued retirement benefits under money purchase schemes in the current year (2007:1).

Notes to the Financial Statements

30 June 2008

7. TAXATION

Taxation charge for the year

	2008 £	2007 £
Current Tax		
United Kingdom corporation tax	310,009	180,034
Adjustments in respect of prior years	233	6,864
	<u>310,242</u>	<u>186,898</u>
Deferred taxation		
Net reversal of timing differences	(47,157)	(43,145)
Adjustments in respect of prior years	-	(10,380)
	<u>(47,157)</u>	<u>(53,325)</u>
Tax on profit on ordinary activities	<u>263,085</u>	<u>133,373</u>
Current tax reconciliation		
	2008	2007
	£	£
Profit on ordinary activities before taxation	880,350	442,445
Theoretical tax at UK corporation tax rate 28% (2007: 30%)	246,498	132,733
Effects of:		
- adjustments in respect of prior year	233	6,864
- non-deductible expenditure	17,957	15,763
- accelerated capital allowances	2,543	24,816
- other short-term timing differences	44,614	28,709
- small companies relief	(13,323)	(6,074)
- corporation tax rate change	11,720	(16,944)
- deferred tax rate change	-	1,031
	<u>310,242</u>	<u>186,898</u>
Actual current taxation charge	<u>310,242</u>	<u>186,898</u>

Notes to the Financial Statements

30 June 2008

8. INTANGIBLE FIXED ASSETS

Group

	Goodwill
	£
Cost	
At 1 July 2007 and 30 June 2008	715,037
	—
Amortisation	
At 1 July 2007	60,205
Charged in the year	33,768
	—
At 30 June 2008	93,973
	—
Net book value	
At 30 June 2008	621,064
	—
At 30 June 2007	654,382
	—

Notes to the Financial Statements

30 June 2008

9. TANGIBLE FIXED ASSETS

Group

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and motor vehicles £	Total £
Cost or valuation				
At 1 July 2007	2,000,000	1,029,450	840,453	3,869,903
Additions	-	41,098	100,954	142,052
Acquisition of Brickhouse	-	116,363	13,416	129,779
Disposals	-	(17,520)	(17,390)	(34,910)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2008	2,000,000	1,169,391	6937,433	4,106,824
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 July 2007	59,760	760,602	683,285	1,503,647
Disposals	-	(7,897)	(17,014)	(24,911)
Charged in year	29,880	105,126	100,499	235,505
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2008	89,640	857,831	766,770	1,714,241
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2008	1,910,360	311,560	170,663	2,392,583
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2007	1,940,240	268,848	157,168	2,366,256
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £64,021 (2007: £139,339) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £52,593 (2007: £77,568).

10. INVESTMENT IN GROUP UNDERTAKINGS

	Shares £
Cost and net book value	
At 1 July 2007 and 30 June 2008	4,670,897
	<hr/>

Notes to the Financial Statements

30 June 2008

10. INVESTMENT IN GROUP UNDERTAKINGS (Continued)

The shares in group undertakings, which, except where indicated, are held directly by the company, comprise investments in the following principal subsidiary undertakings:

Principal trading subsidiaries	Interest in ordinary shares and voting rights	Country of incorporation	Principal activity
Steelway Fensecure Limited	100%	Great Britain	Steel Fabrication and Fencing
Thomas Savery Pumps Limited	100%	Great Britain	Intermediate Holding Company
T A Savery Limited *	100%	Great Britain	Manufacture of hydraulic pumps
Steelway Limited	100%	Great Britain	Dormant
Fensecure Limited	100%	Great Britain	Dormant
* held indirectly			

11. STOCKS

	2008 £	2007 £
Raw materials and consumables	1,123,923	834,247
Work in progress	381,678	880,315
Finished goods and goods for resale	195,729	7,996
	<hr/>	<hr/>
	1,701,330	1,722,558
	<hr/>	<hr/>

The replacement cost of the above stocks would not be significantly different from the values stated.

Notes to the Financial Statements

30 June 2008

12. DEBTORS

	2008 £	Group 2007 £	2008 £	Company 2007 £
Trade debtors	4,023,991	3,721,708	-	-
Other debtors	105,380	-	-	-
Deferred tax asset (note 16)	51,111	3,954	57,517	27,888
Prepayments and accrued income	203,761	193,643	-	-
	<u>4,384,243</u>	<u>3,919,205</u>	<u>57,517</u>	<u>27,888</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	Group 2007 £	2008 £	Company 2007 £
Bank loans	181,504	350,486	181,504	350,486
Loan notes	36,810	71,289	36,810	71,289
Invoice discounting facilities	595,058	1,191,927	-	-
Obligations under finance leases	37,451	65,001	-	-
Borrowings	<u>850,823</u>	<u>1,678,703</u>	<u>218,314</u>	<u>521,775</u>
Trade creditors	2,863,496	2,794,645	-	-
Payments on account of orders	208,179	81,169	-	-
Amounts owed to group undertakings	-	-	574,895	350,615
Corporation tax	300,019	180,004	5,628	14,437
Other taxation and social security	571,004	398,192	-	-
Deferred consideration	211,479	100,000	-	100,000
Other creditors	294,126	146,748	283,252	135,905
Accruals and deferred income	776,103	562,867	-	-
	<u>6,075,229</u>	<u>5,861,159</u>	<u>1,082,089</u>	<u>1,022,732</u>

Notes to the Financial Statements

30 June 2008

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	Group 2007 £	2008 £	Company 2007 £
Bank loans	1,617,138	1,883,447	1,617,138	1,883,447
Loan notes	400,000	364,000	400,000	364,000
Obligations under finance leases	29,162	36,063	-	-
	<u>2,046,300</u>	<u>2,283,510</u>	<u>2,017,138</u>	<u>2,247,447</u>

15. BORROWINGS

The group's borrowings, including bank loans, loan notes, invoice discounting facilities and obligations under finance leases, are analysed by maturity below:

	2008 £	Group 2007 £	2008 £	Company 2007 £
Loans and overdrafts				
Repayable in 1 year or less, or on demand	813,372	1,613,702	218,314	421,775
Repayable in more than 1 year, but not more than 2 years	265,543	410,676	265,543	410,676
Repayable in more than 2 years, but not more than 5 years	528,802	918,833	528,802	421,775
Repayable in more than 5 years	1,222,793	917,938	1,222,793	410,676
	<u>2,830,510</u>	<u>3,861,149</u>	<u>2,235,452</u>	<u>1,664,902</u>
Amounts due under finance leases and hire purchase contracts				
Amounts payable within one year	37,451	65,001	-	-
Amounts payable in two to five years	29,162	36,063	-	-
	<u>66,613</u>	<u>101,064</u>	<u>-</u>	<u>-</u>

The bank loans are secured by fixed and floating charges over the assets of the companies concerned. They are repayable at various intervals as analysed above. The amounts repayable in more than five years are bank loans which incur interest at 1.375% above the National Westminster Bank plc base rate.

Obligations under finance leases are secured by related leased assets.

Notes to the Financial Statements

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16. PROVISIONS FOR LIABILITIES AND CHARGES

	Group £	Company £
Deferred taxation		
At 1 July 2007	(3,954)	(27,888)
Amount charged to profit and loss account	(47,157)	(29,629)
	<hr/>	<hr/>
At 30 June 2008	(51,111)	(57,517)
	<hr/>	<hr/>

The deferred tax asset comprises:

	Group 2008 £	2007 £	Company 2008 £	2007 £
Capital allowances	24,917	27,460	-	-
Short term timing differences	(76,028)	(31,414)	(57,517)	(27,888)
	<hr/>	<hr/>	<hr/>	<hr/>
	(51,111)	(3,954)	(57,517)	(27,888)
	<hr/>	<hr/>	<hr/>	<hr/>

17. SHARE CAPITAL

	2008 £	2007 £
Authorised		
500,000 shares of £1 each	500,000	500,000
	<hr/>	<hr/>
Allotted and fully paid		
100,000 shares of £1 each	100,000	100,000
	<hr/>	<hr/>

Notes to the Financial Statements

30 June 2008

18. RESERVES

	Profit and loss account £
Group	
At 1 July 2007	425,723
Profit for the year	617,265
	<hr/>
At 30 June 2008	1,042,988
	<hr/>
	Profit and loss account £
Company	
At 1 July 2007	1,331,155
Profit for the year	207,237
	<hr/>
At 30 June 2008	1,538,392
	<hr/>

The company's profit for the financial year was £207,237 (2007: £531,347).

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	1,180,674	789,029
Amortisation of goodwill	33,768	33,765
Depreciation of tangible fixed assets	235,505	233,536
Profit on disposal of tangible fixed assets	9,599	(1,781)
Working capital movements:		
Stock	352,928	(575,202)
Debtors	(417,781)	(706,619)
Creditors	810,456	1,351,587
	<hr/>	<hr/>
Net cash inflow from operating activities	2,205,149	1,124,315
	<hr/>	<hr/>

Notes to the Financial Statements

30 June 2008

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008 £	2007 £
Increase/(decrease) in cash	157,856	(2,027)
Cashflow from decrease in debt	1,125,316	507,781
Increase in net debt from cash flows	<u>1,283,172</u>	<u>505,754</u>
Inception of finance leases	(37,352)	-
Increase in net debt	<u>1,245,820</u>	<u>505,754</u>
Non cash movement	(22,874)	(22,766)
Opening net debt	<u>(3,954,772)</u>	<u>(4,437,760)</u>
Closing net debt	<u>(2,731,826)</u>	<u>(3,954,772)</u>

21. ANALYSIS OF NET DEBT

	1 July 2007 £	Cash flow £	Inception of finance leases £	Non-cash movement £	30 June 2008 £
Cash at bank and in hand	7,441	157,856	-	-	165,297
Cash	<u>7,441</u>	<u>157,856</u>	<u>-</u>	<u>-</u>	<u>165,297</u>
Loans	(2,233,933)	458,165	-	(22,874)	(1,798,642)
Loan notes	(435,289)	(1,521)	-	-	(436,810)
Invoice discounting	(1,191,927)	596,869	-	-	(595,058)
Finance leases	(101,064)	71,803	(37,352)	-	(66,613)
Borrowings	<u>(3,962,213)</u>	<u>1,125,316</u>	<u>(37,352)</u>	<u>(22,874)</u>	<u>(2,897,123)</u>
Net debt	<u>(3,954,772)</u>	<u>1,283,172</u>	<u>(37,352)</u>	<u>(22,874)</u>	<u>(2,731,826)</u>

Notes to the Financial Statements

30 June 2008

22. ACQUISITION OF TRADE AND ASSETS

On 31 October 2007, the group acquired the trade and certain assets of the steel fabrication business of Saint Gobain Pipelines plc. This business manufactures access covers and security products and is now trading as Steelway Brickhouse. The fair values of the separable net assets acquired are shown below:

	Net book value and fair value £
Tangible fixed assets	129,779
Stock	331,700
	<hr/>
Net assets acquired	461,479
	<hr/>
Consideration	461,479
	<hr/>

23. CONTINGENT LIABILITIES

The group has an unlimited inter company composite guarantee in place in respect of bank borrowings, covering the company and all its subsidiaries.

24. FINANCIAL COMMITMENTS

Operating lease commitments

The payments which the group is committed to make in the next year under operating leases are as follows:

	2008 £	2007 £
Land and buildings, leases expiring:		
Within one year	-	-
One to five years	41,500	107,582
Beyond five years	70,000	-
	<hr/>	<hr/>
	111,500	107,582
	<hr/>	<hr/>
Plant and machinery, leases expiring:		
Within one year	-	-
One to five years	52,158	16,411
Beyond five years	-	-
	<hr/>	<hr/>
	52,158	16,411
	<hr/>	<hr/>

Company

The company has no capital commitments or operating lease commitments.

Notes to the Financial Statements

30 June 2008

25. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available to 90% subsidiaries, under FRS 8, not to disclose transactions with other group companies.