

HADEE ENGINEERING CO. LTD.

Company Number: 1477451

ABBREVIATED STATUTORY ACCOUNTS
YEAR ENDED 30TH APRIL, 2008

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Nicholas & Walters
Chartered Accountants

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HADEE ENGINEERING CO. LTD.

ABBREVIATED STATUTORY ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL, 2008

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HADEE ENGINEERING CO. LTD.
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH APRIL, 2008

The directors present their report and the financial statements for the year ended 30th April, 2008.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company was that of steel fabrication, manufacturing and works maintenance.

RESULTS AND DIVIDENDS

The results for the year are set out on page 3.

Dividends are as shown in note 15 to the accounts.

REVIEW OF BUSINESS

The company continues to be an engineering fabrications company specialising in heavy fabrications for which they are well equipped and are recognised within the industry as having many satisfied prestigious customers. The philosophy is to provide quality engineering products from initial enquiry onwards.

The majority of the business continues to be carried out to order.

The results, as shown in the attached financial statements show how the company continues to grow on its existing base and exploiting its strengths.

The directors are mindful that as with similar businesses in the engineering industry the key risk is that of the recession, which is a threat beyond the Company's control, but they are of the opinion that the company's reputation and position in the market will enable it to continue winning orders.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principle financial instruments comprise bank balances, trade creditors, other creditors, trade debtors, and other debtors. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

DIRECTORS

The directors who served during the year were as stated below:

P. Lowe
Mrs. M.E. Lowe
T.J. Knight
N. Lowe

The same directors were also directors in the ultimate holding company Halfway Engineering Ltd.

HADEE ENGINEERING CO. LTD.
REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 30TH APRIL, 2008

DIRECTORS' RESPONSIBILITIES

We, as directors, are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires us to prepare financial accounts for each financial year. Under that law we have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable us 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.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

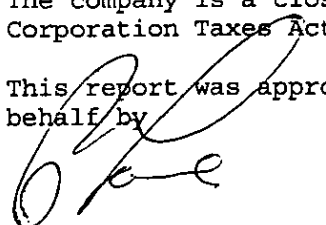
We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

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

CLOSE COMPANY STATUS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

This report was approved by the Board on and signed on its behalf by


P. Lowe, Esq.
Director

INDEPENDENT AUDITORS' REPORT TO HADEE ENGINEERING CO. LTD
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 3 to 13 together with the financial statements of Hadee Engineering Co. Ltd for the year ended 30th April, 2008 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 'The special auditor's report on abbreviated accounts in the United Kingdom' issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

Other information

On 27th February, 2009 we reported, as auditors to the shareholders of the company on the financial statements for the year ended 30th April, 2008 prepared under Section 226 of the Companies Act 1985, and our report was as follows:

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
HADEE ENGINEERING CO. LTD

'We have audited the financial statements of Hadee Engineering Co. Limited for the year ended 30th April, 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. The financial statements of the company as of 30th April, 2007 were audited by another auditor whose report dated 14th February, 2008, expressed an unqualified opinion on those statements.

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 financial statements in accordance with applicable law and United Kingdom 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 misstatement 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 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. However, with respect to stock having a carrying amount of £171,865 the evidence available to us was limited because we did not observe the counting of the physical stock as of 30th April, 2008, since that date was prior to our appointment as auditor of the company. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures. We have also been unable to have access to evidence in respect of the opening stock valuation.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
HADDE ENGINEERING CO. LTD

Work in progress shown in the balance sheet for the year ended 30th April, 2007 was £484,555. This comparative figure has not been adjusted for the change in accounting policy for work in progress as detailed in note 1 to the accounts. In our opinion a change of accounting policy of this nature should be disclosed as a prior period adjustment but we have not been able to estimate the impact of this adjustment with any certainty.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION DISCLAIMER ON VIEW GIVEN BY THE FINANCIAL STATEMENTS

Because of the possible combined effect of the limitations in evidence available to us, we are unable to form an opinion as to whether the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 30th April, 2008, and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of the audit; and
- we were unable to determine whether proper accounting records have been maintained.

Notwithstanding our disclaimer on the view given by the financial statements, in our opinion the information given in the Directors' Report is consistent with the financial statements'.

Just Audit Limited

Just Audit Limited
Chartered Accountants and Registered Auditors
Strelley Hall
Nottingham
NG8 6PE

27 February, 2009

HADEE ENGINEERING CO. LTD.

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH APRIL, 2008

	<u>Notes</u>	<u>2008</u>	<u>As restated</u> <u>2007</u>
		£	£
<u>GROSS PROFIT</u>		2,727,682	2,468,596
Distribution Costs		(147,689)	(131,986)
Administrative Expenses		(1,672,732)	(1,733,733)
		<u>(1,820,421)</u>	<u>(1,865,719)</u>
<u>OPERATING PROFIT</u>	3	907,261	602,877
Sale of Intangible Fixed Assets	8	-	300,000
		<u>907,261</u>	<u>902,877</u>
Income from Investments	5	42,983	12,620
		<u>42,983</u>	<u>12,620</u>
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>BEFORE INTEREST</u>		950,244	915,497
Interest Payable	6	(4,670)	(43,375)
		<u>(4,670)</u>	<u>(43,375)</u>
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>		945,574	872,122
Tax on Profit on Ordinary Activities	7	(282,319)	(171,835)
		<u>(282,319)</u>	<u>(171,835)</u>
<u>PROFIT FOR THE YEAR</u>		<u>£ 663,255</u>	<u>£ 700,287</u>

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains or losses other than the profit or loss for the above two financial years.

The annexed notes form part of these financial statements.

HADEE ENGINEERING CO. LTD.

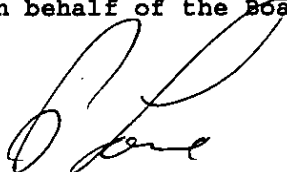
ABBREVIATED BALANCE SHEET
AS AT 30TH APRIL, 2007

	<u>Notes</u>	<u>2008</u>	<u>As restated</u> <u>2007</u>
		£	£
CURRENT ASSETS			
Stocks and Work in Progress	9	171,865	662,755
Debtors	10	2,394,247	3,444,699
Cash at Bank and in Hand		374,408	85,033
		<u>2,940,520</u>	<u>4,192,487</u>
CREDITORS : Amounts Falling Due within One Year	11	<u>(1,639,095)</u>	<u>(1,554,317)</u>
NET CURRENT ASSETS		<u>1,301,425</u>	<u>2,638,170</u>
NET ASSETS		<u>£1,301,425</u>	<u>£2,638,170</u>
CAPITAL AND RESERVES			
Share Capital	12	20,000	20,000
Profit and Loss Account	13	<u>1,281,425</u>	<u>2,618,170</u>
<u>TOTAL SHAREHOLDERS' FUNDS</u>	14	<u>£1,301,425</u>	<u>£2,638,170</u>

The financial statements were approved and authorised for issue by the Board on

27/2/09
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On behalf of the Board



.....
P. Lowe
Director

The annexed notes form part of these financial statements.

HADEE ENGINEERING CO. LTD.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH APRIL, 2008

	Note	<u>2008</u> £	As restated <u>2007</u> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	2,756,514	700,232
Return on Investments and Servicing of Finance			
Interest Received		42,983	12,620
Interest Paid		(4,670)	(43,375)
Taxation			
Corporation Tax Paid		(523,836)	(346,203)
Equity Dividends Paid		(2,000,000)	(400,000)
INCREASE/(DECREASE) IN CASH	19	<u>270,991</u>	<u>(76,726)</u>

The annexed notes form part of these financial statements.

HADEE ENGINEERING CO. LTD.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL, 2008

1. ACCOUNTING POLICIES

Basis of Accounting

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

Turnover

Turnover represents the net value of goods, excluding VAT, by reference to the stage of completion of the contract.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Work in Progress

Work in progress is valued at net cost, less foreseeable losses. Net cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Where the outcome of a job can be estimated reliably, and it is probable that the contract will be profitable, a proportion of the profit is recognised by reference to the stage of completion of the contract activity at the balance sheet date.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

This represents a change in accounting policy as required in order to be compliant with current accounting standards.

The effect on the 2008 closing work in progress is an uplift in value of £217,045. The total of the work in progress value, including uplift, is now included in debtors under amounts recoverable on contracts in accordance with current accounting standards.

The directors have not restated the 2007 opening and closing work in progress because they are of the opinion that work in progress at that time reflected the full costs involved; and, due to sales cut off at the year end, profit recognition was not an issue.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

Leasing

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at rate of exchange ruling at the date of the transaction.

Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

HADEE ENGINEERING CO. LTD.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL, 2008

2. TURNOVER

The Turnover before taxation for the year is attributable to the principal activity of the Company. The analysis of turnover by activity and geographical area is as follows:-

	<u>2008</u> £	as restated <u>2007</u> £
United Kingdom	7,306,268	6,354,592
United States	312,598	82,150
	<u>7,618,866</u>	<u>6,436,742</u>

3. OPERATING PROFIT

The Operating Profit is stated after charging:

	<u>2008</u> £	as restated <u>2007</u> £
Operating Lease Rentals		
Hire of Plant & Equipment	79,144	73,421
Other	120,000	120,000
Auditors' Remuneration		
- audit services Just Audit Ltd	6,000	-
- audit services Nicholas & Walters		2,800
- non audit services Nicholas & Walters	8,000	18,000
Loss on Exchange	7,549	8,292
	<u>7,549</u>	<u>8,292</u>

4. STAFF COSTS

The costs incurred, including directors remuneration were as follows:

	<u>2008</u> £	as restated <u>2007</u> £
Wages and Salaries	2,235,049	2,141,216
Social Security Costs	177,370	222,417
Pension Costs	14,140	12,558
	<u>2,426,559</u>	<u>2,376,191</u>

HADSE ENGINEERING CO. LTD.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL, 2008

2. TURNOVER

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	<u>2008</u>	as restated <u>2007</u>
	£	£
United Kingdom	7,306,268	6,354,592
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	£	£
Operating Lease Rentals		
Hire of Plant & Equipment	79,144	73,421
Other	120,000	120,000
Auditors' Remuneration		
- audit services Just Audit Ltd	6,000	-
- audit services Nicholas & Walters		2,800
- non audit services Nicholas & Walters	8,000	18,000
Loss on Exchange	7,549	8,292
	<u>210,693</u>	<u>142,513</u>

4. STAFF COSTS

The costs incurred, including directors remuneration were as follows:

	<u>2008</u>	as restated <u>2007</u>
	£	£
Wages and Salaries	2,235,049	2,141,216
Social Security Costs	177,370	222,417
Pension Costs	14,140	12,558
	<u>2,426,559</u>	<u>2,376,191</u>

HADEE ENGINEERING CO. LTD.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL, 2008]

4. STAFF COSTS (Continued)

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

Office and Management	21	21
Production and Sales	49	52
	<u>70</u>	<u>73</u>

Directors' Remuneration included in the above:

	<u>2008</u> £	as restated <u>2007</u> £
Emoluments	514,246	483,578
Pension Costs	9,340	7,758
	<u>523,586</u>	<u>491,336</u>
Number of directors in money purchase pension scheme	<u>1</u>	<u>1</u>

The emoluments of the highest paid Director were as follows:

	<u>2008</u> £	as restated <u>2007</u> £
Director	<u>225,000</u>	<u>218,000</u>

5. INCOME FROM INVESTMENTS

	<u>2008</u> £	as restated <u>2007</u> £
Interest Received	<u>42,983</u>	<u>12,620</u>

6. INTEREST PAYABLE

	<u>2008</u> £	as restated <u>2007</u> £
Bank Interest Payable	4,670	10,624
Other Interest Payable	-	32,751
	<u>4,670</u>	<u>43,375</u>

HADEE ENGINEERING CO. LTD.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL, 2008

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in period

	<u>2008</u> £	as restated <u>2007</u> £
Current tax:		
UK Corporation tax on profits for the period	282,319	171,835
	<hr/>	<hr/>
Tax on Profit on ordinary activities (Note 7(b))	282,319	171,835
	<hr/>	<hr/>

(b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	<u>2008</u> £	as restated <u>2007</u> £
Profit on ordinary activities before tax	945,574	872,122
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29% (2007 30%)	274,216	261,637
Effects of:		
Expenses not deductible for tax purposes	191	198
Profit on sale of intangible fixed assets	-	(90,000)
Effect of change in tax rates	7,912	-
	<hr/>	<hr/>
Current tax charge for period (note 7(a))	282,319	171,835
	<hr/>	<hr/>

(c) The rate of corporation tax which will be fully applicable to future period is 28%

8. PRIOR YEAR ADJUSTMENT - EXCEPTIONAL ITEM

In 2007, intangible fixed assets were sold which resulted in a profit of £300,000. This had previously been included within administrative expenses. The 2008 accounts have reallocated this amount in the comparative figures to show the disposal as an exceptional item below operating profit within the profit and loss account in accordance with current accounting standards. This does not represent a change to the stated profit for the financial year.

Furthermore, in 2007, balances with Civic Environmental Systems Ltd were disclosed in debtors as amounts due to group undertakings. The 2008 accounts have reallocated these balances to other debtors in the comparative figures as at the balance sheet date Civic Environmental Systems Ltd did not form part of the group. Again, this does not represent a change to the stated profit for the financial year. Also in 2007, movements in work in progress were made within the turnover figure. This has been restated to reflect the work in progress movements so that they are reflected in cost of sales in the comparative figures. This does not represent a change to the stated profit for the financial year or a change in accounting policies.

HADEE ENGINEERING CO. LTD.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL, 2008

8. PRIOR YEAR ADJUSTMENT - EXCEPTIONAL ITEM (Continued)

The 2008 accounts reflect the changes as a result of these adjustments in the comparatives of the cashflow statement. Furthermore, an adjustment has been made to split out equity dividends paid of £400,000 and interest paid of £41,043 which had been included in taxation paid incorrectly.

9. STOCKS AND WORK IN PROGRESS

	<u>2008</u>	as restated <u>2007</u>
	£	£
Stocks	171,865	178,200
Work in Progress	-	484,555
	<u>171,865</u>	<u>662,755</u>

10. DEBTORS

	<u>2008</u>	as restated <u>2007</u>
	£	£
Amounts due within one year:		
Trade Debtors	1,233,358	1,362,094
Amounts due from Group Undertakings	131,306	1,969,004
Amounts recoverable on Contracts	744,233	-
Other Debtors	285,350	113,601
	<u>2,394,247</u>	<u>3,444,699</u>

**11. CREDITORS: Amounts Falling
Due within One Year**

	<u>2008</u>	as restated <u>2007</u>
	£	£
Bank Overdrafts and Loans	48,333	29,949
Trade Creditors	632,178	563,930
Amounts due to Group Undertakings	124,273	-
Social Security and Other Taxes	137,781	238,546
Other Creditors	696,530	721,892
	<u>1,639,095</u>	<u>1,554,317</u>

The bank holds an unlimited guarantee given by Hadee (Holdings) Limited dated 1st October, 1992.

12. SHARE CAPITAL

	<u>2008</u>	as restated <u>2007</u>
	£	£
Ordinary Shares of £1 each		
Authorised	50,000	50,000
Allotted, Issued and Fully Paid	<u>20,000</u>	<u>20,000</u>

HADEE ENGINEERING CO. LTD.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL, 2008

13. RESERVES

	<u>Profit & Loss A/c</u> £
At 1st May, 2007	2,618,170
Profit for the year	663,255
Dividends Paid (Note 14)	(2,000,000)
At 30th April, 2008	<u>1,281,425</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>2008</u> £	As restated <u>2007</u> £
Profit for the financial year	663,255	700,287
Dividends	(2,000,000)	(400,000)
	<u>(1,336,745)</u>	<u>300,287</u>
Opening shareholders' funds	2,638,170	2,337,883
Closing shareholders' funds	<u>1,301,425</u>	<u>2,638,170</u>

15. DIVIDENDS

	<u>2008</u> £	as restated <u>2007</u> £
Dividends - Paid		
Interim dividends in respect of 2008	<u>2,000,000</u>	<u>400,000</u>

The directors do not propose a final dividend for the financial year ended 30th April, 2008.

16. ULTIMATE CONTROL

The company is controlled by P. Lowe, Esq. a director of this company and majority shareholder of the ultimate holding company Halfway Engineering Ltd.

17. ULTIMATE HOLDING COMPANY

The company is 75% owned by Hadee (Holdings) Ltd. which is a 100% subsidiary of the ultimate holding company Halfway Engineering Ltd., a dormant company.

HADEE ENGINEERING CO. LTD.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL, 2008

18. RELATED PARTY TRANSACTIONS AND BALANCES

The company operates from property owned by Hadee (Holdings) Ltd at a rent of £120,000 (2007 £120,000).

Plant and Machinery is also leased from the parent company. During the year the value of operating lease rentals paid to Hadee (Holdings) Ltd amounted to £71,834 (2007 £59,068). There were no other material transactions with Hadee (Holdings) Ltd during the year.

Hadee (Holdings) Ltd. is the immediate parent company and owns 75% of the issued share capital, the remaining 25% is owned by Mr. P. Lowe.

The company also had trading activities with Civic Environmental Systems Ltd. a company, which specialised in recycling plant.

During the year sales of £238,658 (2007 1,070,474) were made to Civic Environmental Systems Ltd.

At the year end, balances with related parties were as follows:

	<u>2008</u>	<u>as restated</u> <u>2007</u>
	£	£
Creditors		
Hadee (Holdings) Ltd	124,273	-
	<u> </u>	<u> </u>
Debtors		
Civic Environmental Systems Ltd.	86,167	172,509
Halfway Holdings Ltd	45,139	45,139
Hadee (Holdings) Ltd	-	1,751,356
	<u> </u>	<u> </u>
	<u>131,306</u>	<u>1,969,004</u>

Halfway Holdings Ltd., in liquidation is a non group company whose share capital is owned by Mr. & Mrs. Lowe who are also the majority shareholders of the ultimate holding company. The nature of transition was that of VAT owed which was accounted by Hadee Engineering Co. Ltd.

HADEE ENGINEERING CO. LTD.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL, 2008

19. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	<u>2008</u> £	as restated <u>2007</u> £
Operating Profit	907,261	602,877
Sale of Intangible Fixed Assets	-	300,000
Decrease/(Increase) in Stocks	490,890	(60,179)
Decrease/(Increase) in Debtors	1,291,969	(526,361)
Increase in Creditors	66,394	383,895
	<hr/>	<hr/>
Net Cash Inflow		
From Operating Activities	<u>2,756,514</u>	<u>700,232</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<u>2008</u> £	as restated <u>2007</u> £
Increase/(Decrease) in Cash in the year	270,991	(76,726)
Movement in Net Funds in year	270,991	(76,726)
Net Funds at 1st May, 2007	55,084	131,810
	<hr/>	<hr/>
Net Funds at 30th April, 2008	<u>326,075</u>	<u>55,084</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At Start of Year £	Cash Flows £	At End of Year £
Cash at Bank and in Hand	85,033	289,375	374,408
Bank Overdrafts	(25,759)	(18,384)	(44,143)
	<hr/>	<hr/>	<hr/>
Debt Due Within one Year	(4,190)	-	(4,190)
	<hr/>	<hr/>	<hr/>
	<u>55,084</u>	<u>270,991</u>	<u>326,075</u>

20. PENSION COSTS

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £14,140 (2007 £12,558).