

REGISTRAR

TARVAIL LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009
REGISTERED NUMBER: 01506327

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TARVAIL LIMITED

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For The Year Ended 31 March 2009**

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TARVAIL LIMITED
COMPANY INFORMATION
For The Year Ended 31 March 2009

DIRECTORS:

C W Dalton
J C D Parsons
N G McGowan
S J Ede
J P Pither

SECRETARY:

XL Secretaries Ltd

REGISTERED OFFICE:

Radbourne
56 Kenilworth Road
Leamington Spa
Warwickshire
CV32 6JW

REGISTERED NUMBER:

01506327 (England and Wales)

AUDITORS:

RSM Bentley Jennison
Chartered Accountants & Registered Auditors
Charterhouse
Legge Street
Birmingham
B4 7EU

TARVAIL LIMITED

REPORT OF THE DIRECTORS For The Year Ended 31 March 2009

The directors present their report with the financial statements of the company for the year ended 31 March 2009.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of pipeline design, installation and general engineering.

REVIEW OF BUSINESS

This year has proved extremely difficult for Tarvail Limited, principally because one of its major customers has announced that it will be closing down its nearby plant over the next few years. Nonetheless, the excellent and longstanding relationship with the customer is expected to continue as the company undertakes work at its other plants within the region. Further, the company announced at the end of last year that it had been awarded a major contract for refrigeration package units which would be for an initial period of five years. Already the level of business from this customer is significantly in excess of original forecasts.

It is now becoming apparent that the efforts of the management of Tarvail to win new customers is beginning to reap rewards. Based on the current order book, there should be a steady growth in new business over the coming months.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2009.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2008 to the date of this report.

C W Dalton
J C D Parsons
N G McGowan
S J Ede
J P Pither

GOING CONCERN

UK Company Law requires Directors to consider whether it is appropriate to prepare the financial statements on the basis that the Company and the Group (Southern Bear plc and subsidiaries) are going concerns.

The Group does have some exposure to current economic conditions which have the potential to impact annual revenues. However, to date the economic downturn has not had any significant impact on Group revenues as a whole. The directors have prepared downside sensitised forecasts to 30 September 2010 and have implemented cost reductions in certain subsidiaries in order to improve cashflow.

The Group's main sources of finance are equity funding, bank term loans, convertible loan notes, finance leases and invoice discounting. The bank term loans have covenants attached that, if breached, give the lender the option to immediately recall the funding. During the year the Group breached these covenants on one occasion, although this breach was minor, short lived and waived by the lender.

The downside sensitised forecasts have been reviewed by the Directors to ensure that the profit and cash generation derived from these forecasts are sufficient to ensure that facilities meet the Group's requirements.

As a result of these reviews, the Directors are of the opinion that the company and the Group have adequate resources to continue in operational existence for the foreseeable future, and have continued to adopt the going concern basis in preparing the financial statements.

FINANCIAL RISKS

The financial risk is managed by the Parent Company. Further details of these risks can be found in the Consolidated Financial Statements which can be obtained from the registered office Radbourne, 56 Kenilworth Road, Leamington Spa, Warwickshire, CV32 6JW.

TARVAIL LIMITED

**REPORT OF THE DIRECTORS
For The Year Ended 31 March 2009**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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). 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 judgements 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, RSM Bentley Jennison, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
XL Secretaries Ltd - Secretary

Date: 8 DECEMBER 2009

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
TARVAIL LIMITED
(REGISTERED NUMBER: 01506327)**

We have audited the financial statements of Tarvail Limited for the year ended 31 March 2009 on pages five to fourteen. 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 a Report of the Auditors 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 on page three.

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 Report of the Directors 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 Report of the Directors 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.

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 the company's affairs as at 31 March 2009 and of its profit 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 Report of the Directors is consistent with the financial statements.



RSM Bentley Jennison
Chartered Accountants & Registered Auditors
Charterhouse
Legge Street
Birmingham
B4 7EU

Date:

8 December 2009

TARVAIL LIMITED

PROFIT AND LOSS ACCOUNT
For The Year Ended 31 March 2009

	Notes	2009 £	2008 £
TURNOVER	2	2,651,868	3,668,445
Cost of sales		<u>1,708,110</u>	<u>2,348,555</u>
GROSS PROFIT		943,758	1,319,890
Administrative expenses		<u>845,159</u>	<u>1,013,584</u>
OPERATING PROFIT	4	98,599	306,306
Interest receivable and similar income		<u>-</u>	<u>2,197</u>
		98,599	308,503
Interest payable and similar charges	5	<u>7,249</u>	<u>7,726</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		91,350	300,777
Tax on profit on ordinary activities	6	<u>(40,264)</u>	<u>44,614</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>131,614</u>	<u>256,163</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

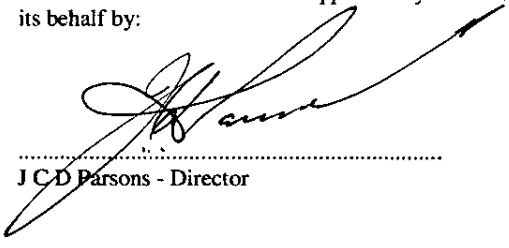
The company has no recognised gains or losses other than the profits for the current year or previous year.

The notes form part of these financial statements

TARVAIL LIMITED
(REGISTERED NUMBER: 01506327)
BALANCE SHEET
31 March 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible assets	7	28,325	25,356
CURRENT ASSETS			
Stocks	8	258,814	129,504
Debtors	9	2,317,009	2,446,170
Cash at bank		<u>23</u>	<u>69,336</u>
		2,575,846	2,645,010
CREDITORS			
Amounts falling due within one year	10	<u>1,304,920</u>	<u>1,503,203</u>
NET CURRENT ASSETS		<u>1,270,926</u>	<u>1,141,807</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,299,251	1,167,163
CREDITORS			
Amounts falling due after more than one year	11	<u>16,051</u>	<u>15,577</u>
NET ASSETS		<u>1,283,200</u>	<u>1,151,586</u>
CAPITAL AND RESERVES			
Called up share capital	14	2,200	2,200
Capital contribution from parent	15	130,000	130,000
Profit and loss account	15	<u>1,151,000</u>	<u>1,019,386</u>
SHAREHOLDERS' FUNDS	19	<u>1,283,200</u>	<u>1,151,586</u>

The financial statements were approved by the Board of Directors on 8 DECEMBER 2009 and were signed on its behalf by:


 J C D Parsons - Director

The notes form part of these financial statements

TARVAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2009

1. ACCOUNTING POLICIES

Accounting convention

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

Cash flow statement

The company is a wholly owned subsidiary of Southern Bear Trading Limited. The ultimate parent of the group is Southern Bear plc who prepares consolidated financial statements which includes a consolidated cash flow statement. These are available from Companies House and as a result, Tarvail Limited is exempt from the requirement to present a cash flow statement.

Turnover

Turnover represents amounts invoiced, net of value added tax, in respect of the sale of goods and services to customers.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and on-going services is recognised by reference to the stage of completion.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- Over the life of the lease
Plant and machinery	- 20% on cost
Fixtures and fittings	- Between 10% and 20% on cost
Motor vehicles	- 25% on cost

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Provision is made for any foreseeable losses where appropriate.

Deferred tax

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised only to the extent that it is more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Hire purchase and leasing commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the assets have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Assets acquired under instalment finance agreements are treated as tangible fixed assets and depreciation is provided accordingly. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract.

Pension costs

The company makes contributions to the directors personal scheme, which is charged to the profit and loss account in the period to which they relate.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

TARVAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2009

1. ACCOUNTING POLICIES - continued

Research and development

Research and development expenditure is written off in the period in which it is incurred.

2. TURNOVER

The turnover and profit before taxation are generated wholly within the UK and are attributable to the one principal activity of the company.

3. STAFF COSTS

	2009	2008
	£	£
Wages and salaries	1,061,746	1,265,856
Social security costs	125,345	157,347
Other pension costs	<u>18,000</u>	<u>9,700</u>
	<u><u>1,205,091</u></u>	<u><u>1,432,903</u></u>

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

	2009	2008
Production	30	33
Administration	7	10
Management	<u>2</u>	<u>2</u>
	<u><u>39</u></u>	<u><u>45</u></u>

TARVAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2009

4. OPERATING PROFIT

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

	2009 £	2008 £
Hire of plant and machinery	36,150	22,668
Depreciation - owned assets	3,958	1,945
Depreciation - assets on hire purchase contracts	12,492	35,925
Profit on disposal of fixed assets	(373)	-
Auditors' remuneration	4,066	9,000
Auditors' remuneration for non audit work	-	1,500
Research and development costs	<u>270,000</u>	<u>-</u>
 Directors' emoluments	 220,279	 270,985
Directors' pension contributions to money purchase schemes	<u>18,000</u>	<u>9,700</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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N G McGowan, J P Pither and J C D Parsons received emoluments from Southern Bear plc, details of which are disclosed in the consolidated financial statements.

Information regarding the highest paid director is as follows:

	2009 £	2008 £
Emoluments etc	<u>123,000</u>	<u>155,000</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Bank interest	266	-
Interest payable	3,733	4,226
Hire purchase	<u>3,250</u>	<u>3,500</u>
	<u>7,249</u>	<u>7,726</u>

6. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

	2009 £	2008 £
Current tax:		
UK corporation tax	-	46,000
Overprovision in prior years	<u>(40,264)</u>	<u>(1,386)</u>
 Tax on profit on ordinary activities	 <u>(40,264)</u>	 <u>44,614</u>

TARVAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2009

6. TAXATION - continued

Factors affecting the tax (credit)/charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	<u>91,350</u>	<u>300,777</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 30%)	25,578	90,233
Effects of:		
Expenses not deductible for tax purposes	389	1,311
Accelerated capital allowances	4,710	7,592
Group relief	(3,530)	(50,136)
Prior year adjustment	(40,264)	(1,386)
Other adjustment	-	(3,000)
R & D relief	<u>(27,147)</u>	<u>-</u>
Current tax (credit)/charge	<u>(40,264)</u>	<u>44,614</u>

Factors that may affect future tax charges

A deferred tax asset of £820 (2008 £15,000) in respect of deferred capital allowances has not been recognised.

7. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 April 2008	22,905	41,434	55,018	143,700	263,057
Additions	-	19,792	-	-	19,792
Disposals	<u>-</u>	<u>-</u>	<u>(55,018)</u>	<u>-</u>	<u>(55,018)</u>
At 31 March 2009	<u>22,905</u>	<u>61,226</u>	<u>-</u>	<u>143,700</u>	<u>227,831</u>
DEPRECIATION					
At 1 April 2008	22,905	41,434	54,645	118,717	237,701
Charge for year	-	3,958	-	12,492	16,450
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(54,645)</u>	<u>-</u>	<u>(54,645)</u>
At 31 March 2009	<u>22,905</u>	<u>45,392</u>	<u>-</u>	<u>131,209</u>	<u>199,506</u>
NET BOOK VALUE					
At 31 March 2009	<u>-</u>	<u>15,834</u>	<u>-</u>	<u>12,491</u>	<u>28,325</u>
At 31 March 2008	<u>-</u>	<u>-</u>	<u>373</u>	<u>24,983</u>	<u>25,356</u>

TARVAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2009

7. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 April 2008 and 31 March 2009	<u>143,700</u>
DEPRECIATION	
At 1 April 2008	118,717
Charge for year	<u>12,492</u>
At 31 March 2009	<u>131,209</u>
NET BOOK VALUE	
At 31 March 2009	<u>12,491</u>
At 31 March 2008	<u>24,983</u>

8. STOCKS

	2009 £	2008 £
Raw materials	97,361	129,504
Work in progress	<u>161,453</u>	-
	<u>258,814</u>	<u>129,504</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Trade debtors	357,759	649,502
Amounts owed by group undertakings	1,905,856	1,768,092
Other debtors	-	139
Directors' current accounts	36,600	-
Prepayments and accrued income	<u>16,794</u>	<u>28,437</u>
	<u>2,317,009</u>	<u>2,446,170</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank overdrafts	29,623	-
Hire purchase contracts (see note 12)	19,646	16,051
Trade creditors	243,726	235,508
Amounts owed to group undertakings	705,625	671,213
Tax	-	103,614
Social security and other taxes	288,838	312,736
Other creditors	12,208	7,771
Accruals and deferred income	<u>5,254</u>	<u>156,310</u>
	<u>1,304,920</u>	<u>1,503,203</u>

Bank overdraft is secured on the group's asset per note 17.

TARVAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2009

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

	2009	2008
	£	£
Hire purchase contracts (see note 12)	<u>16,051</u>	<u>15,577</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2009	2008
	£	£
Net obligations repayable:		
Within one year	19,646	16,051
Between one and five years	<u>16,051</u>	<u>15,577</u>
	<u>35,697</u>	<u>31,628</u>

Obligation under hire purchase contracts and leases are secured on the assets which they relate to (see note 7).

The following operating lease payments are committed to be paid within one year:

	2009	2008
	£	£
Expiring:		
In more than five years	<u>17,880</u>	<u>17,880</u>

TARVAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued For The Year Ended 31 March 2009

14. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	2009 £	2008 £
Number:	Class:			
2,000	Ordinary	£1	2,000	2,000
1,000	B ordinary non-voting	£1	<u>1,000</u>	<u>1,000</u>
			<u>3,000</u>	<u>3,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2009 £	2008 £
2,000	Ordinary	£1	2,000	2,000
200	B ordinary non-voting	£1	<u>200</u>	<u>200</u>
			<u>2,200</u>	<u>2,200</u>

The 'B' ordinary non-voting shares are subject to the restrictions that the holders of the shares are not entitled to receive notice of, attend or vote at any general meeting save where a resolution is to be proposed that affects the class rights of the 'B' ordinary non-voting shares, the winding up of the company, the issue of any 'B' ordinary non-voting shares, in respect of any surplus arising on the winding up of the company or the issue of any unissued shares of whatever class. The rights of the 'B' ordinary non-voting shareholders in respect of any surplus arising on the winding up of the company shall be limited to the right to receive a maximum of £1 per 'B' ordinary non-voting share.

15. RESERVES

	Profit and loss account £	Capital contribution from parent £	Totals £
At 1 April 2008	1,019,386	130,000	1,149,386
Profit for the year	<u>131,614</u>	<u>-</u>	<u>131,614</u>
At 31 March 2009	<u>1,151,000</u>	<u>130,000</u>	<u>1,281,000</u>

16. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Southern Bear Trading Limited, which is itself a wholly owned subsidiary of Southern Bear plc, a company listed on AIM with no controlling interests. Copies of the group accounts can be obtained from the Registered Office at Radbourne, 56 Kenilworth Road, Leamington Spa, Warwickshire, CV32 6JW.

Southern Bear plc is the ultimate parent undertaking.

17. CONTINGENT LIABILITIES

A cross guarantee exists between the main banking facilities of Tarvail Limited, Southern Bear plc and its remaining subsidiaries. At 31 March 2009, net bank borrowings in the group companies amounted to £3,872,000. These facilities are secured by way of debenture over the assets of the group companies.

TARVAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued For The Year Ended 31 March 2009

18. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions conferred by FRS 8 not to disclose details of transactions with group undertakings of which 90% or more of the company's voting rights are controlled within the group.

Transaction with directors

The following balances owed to/(by) the directors were outstanding at the year end:

	Maximum Balance	2009 £	2008 £
C W Dalton	18,300	18,300	-
S J Ede	18,300	18,300	-
	<u>36,600</u>	<u>36,600</u>	<u>-</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Profit for the financial year	131,614	256,163
Other recognised gains for year	-	130,000
Net addition to shareholders' funds	131,614	386,163
Opening shareholders' funds	<u>1,151,586</u>	<u>765,423</u>
Closing shareholders' funds	<u>1,283,200</u>	<u>1,151,586</u>

20. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.

21. PENSION SCHEMES

Defined contribution pension scheme

The company makes contributions to the directors' personal pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £18,000 (2008 £9,700).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.