

**Report of the Directors and
Financial Statements
for the Year Ended 30 June 2005
for
Braithwaite Engineers Limited**



Braithwaite Engineers Limited

Contents of the Financial Statements for the Year Ended 30 June 2005

| | Page |
|---|-------------|
| Company Information | 1 |
| Report of the Directors | 2 |
| Report of the Independent Auditors | 4 |
| Profit and Loss Account | 6 |
| Balance Sheet | 7 |
| Notes to the Financial Statements | 8 |

Braithwaite Engineers Limited

**Company Information
for the Year Ended 30 June 2005**

DIRECTORS:

B F Hoppe
J C Blackwell
A F Hoppe
I D Hoppe
D J Beech

SECRETARY:

A F Hoppe

REGISTERED OFFICE:

Neptune Works
Usk Way
Newport
NP20 2UY

REGISTERED NUMBER:

2193090 (England and Wales)

AUDITORS:

Haines Watts
Chartered Accountants
Registered Auditors
Aberafan House
Aberafan Centre
Port Talbot
SA13 1BU

BANKERS:

HSBC Bank plc
1 Bridge Street
Newport
NP20 4UT

Braithwaite Engineers Limited

Report of the Directors for the Year Ended 30 June 2005

The directors present their report with the financial statements of the company for the year ended 30 June 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the supply and erection of fluid storage systems.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

Turnover for the year has decreased from £3,734,706 to £3,539,697 and the profit on ordinary activities before taxation has increased from £35,517 last year to £160,284 this year. After provision for taxation of £30,000, profit retained for the financial year amounted to £130,284 (2004 : £32,369).

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of £3.49 per share.

The total distribution of dividends for the year ended 30 June 2005 will be £300,000 (2004 : Nil).

DIRECTORS

The directors during the year under review were:

B F Hoppe

J C Blackwell

A F Hoppe

I D Hoppe

W J Herowych

D J Beech

- resigned 31.1.05

The directors holding office at 30 June 2005 did not hold any beneficial interest in the issued share capital of the company at 1 July 2004 or 30 June 2005.

B F Hoppe, J C Blackwell, A F Hoppe and I D Hoppe are also directors of Rowecord Holdings Limited and their shareholdings are disclosed in the directors' report of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 those 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;
- state whether applicable 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.

Braithwaite Engineers Limited

**Report of the Directors
for the Year Ended 30 June 2005**

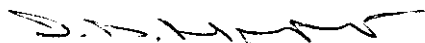
STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

AUDITORS

The auditors, Haines Watts, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



I D Hoppe - Director

24 August 2005

Report of the Independent Auditors to the Shareholders of Braithwaite Engineers Limited

We have audited the financial statements of Braithwaite Engineers Limited for the year ended 30 June 2005 on pages six to fourteen. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on pages two and three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Report of the Directors is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 Auditors to the Shareholders of
Braithwaite Engineers Limited**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Haines Watts

Haines Watts
Chartered Accountants
Registered Auditors
Aberafan House
Aberafan Centre
Port Talbot
SA13 1BU

Date: *26 August 2005*

Braithwaite Engineers Limited

**Profit and Loss Account
for the Year Ended 30 June 2005**

| | | <u>30.6.05</u> | | <u>30.6.04</u> | |
|--|-------|----------------|------------------|----------------|-------------------|
| | Notes | £ | £ | £ | £ |
| TURNOVER | 2 | | 3,539,697 | | 3,734,706 |
| Cost of sales | | | <u>2,762,461</u> | | <u>2,991,259</u> |
| GROSS PROFIT | | | 777,236 | | 743,447 |
| Administrative expenses | | | <u>697,652</u> | | <u>732,419</u> |
| | | | 79,584 | | 11,028 |
| Other operating income | | | <u>12,000</u> | | <u>20,000</u> |
| OPERATING PROFIT | 3 | | 91,584 | | 31,028 |
| Income from investments | | 55,000 | | - | |
| Interest receivable and similar income | | <u>13,700</u> | | <u>4,489</u> | |
| | | | <u>68,700</u> | | <u>4,489</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 160,284 | | 35,517 |
| Tax on profit on ordinary activities | 4 | | <u>32,500</u> | | <u>3,148</u> |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | | 127,784 | | 32,369 |
| Dividends | | | <u>300,000</u> | | - |
| | | | (172,216) | | 32,369 |
| Retained profit brought forward | | | <u>1,103,308</u> | | <u>1,070,939</u> |
| RETAINED PROFIT CARRIED FORWARD | | | <u>£931,092</u> | | <u>£1,103,308</u> |

The notes form part of these financial statements

Braithwaite Engineers Limited

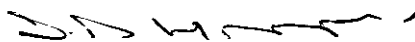
Balance Sheet 30 June 2005

| | | 30.6.05 | | 30.6.04 | |
|---|-------|----------------|-------------------|----------------|-------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 5 | | 123,188 | | 183,462 |
| Investments | 6 | | <u>11,260</u> | | <u>11,260</u> |
| | | | 134,448 | | 194,722 |
| CURRENT ASSETS: | | | | | |
| Stocks | | 308,499 | | 322,925 | |
| Debtors | 7 | 860,344 | | 1,247,645 | |
| Cash at bank and in hand | | <u>718,899</u> | | <u>146,757</u> | |
| | | 1,887,742 | | 1,717,327 | |
| CREDITORS: Amounts falling due within one year | 8 | <u>991,098</u> | | <u>708,741</u> | |
| NET CURRENT ASSETS: | | | <u>896,644</u> | | <u>1,008,586</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | <u>£1,031,092</u> | | <u>£1,203,308</u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 9 | | 86,000 | | 86,000 |
| Capital redemption reserve | 10 | | 14,000 | | 14,000 |
| Profit and loss account | | | <u>931,092</u> | | <u>1,103,308</u> |
| SHAREHOLDERS' FUNDS: | | | <u>£1,031,092</u> | | <u>£1,203,308</u> |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:

I D Hoppe - Director



A F Hoppe - Director



Approved by the Board on 24 August 2005

The notes form part of these financial statements

Braithwaite Engineers Limited

Notes to the Financial Statements for the Year Ended 30 June 2005

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover is the amount invoiced during the year adjusted for amounts recoverable on contracts.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-------------------------|--|
| Plant and machinery etc | - 25% on cost, 20% on cost and 15% on cost |
|-------------------------|--|

Stocks

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

Amounts recoverable on contracts

Amounts recoverable on contracts are valued at cost plus attributable profit, less provision for foreseeable losses.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Leased assets

Operating lease rentals are charged to the profit and loss account as incurred.

Deferred taxation

Deferred taxation is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for on a full provision basis.

2. TURNOVER

Disclosure of the percentage of exports would be seriously prejudicial to the interests of the company.

Braithwaite Engineers Limited

Notes to the Financial Statements for the Year Ended 30 June 2005

3. OPERATING PROFIT

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

| | 30.6.05 | 30.6.04 |
|--|---------------|---------------|
| | £ | £ |
| Depreciation - owned assets | 53,855 | 53,031 |
| Loss/(Profit) on disposal of fixed assets | 1,567 | (389) |
| Auditors' remuneration | 3,500 | 3,500 |
| Pension costs | <u>57,046</u> | <u>48,749</u> |
| | | |
| Directors' emoluments | 146,141 | 154,171 |
| Directors' pension contributions to money purchase schemes | <u>11,135</u> | <u>3,860</u> |

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

| | | |
|------------------------|----------|----------|
| Money purchase schemes | <u>2</u> | <u>2</u> |
|------------------------|----------|----------|

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

| | 30.6.05 | 30.6.04 |
|--------------------------------------|---------------|--------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 32,500 | 6,469 |
| Deferred taxation | - | (3,321) |
| Tax on profit on ordinary activities | <u>32,500</u> | <u>3,148</u> |

UK corporation tax has been charged at 30% (2004 - 30%).

Braithwaite Engineers Limited

Notes to the Financial Statements for the Year Ended 30 June 2005

4. TAXATION - continued

Factors affecting the tax charge

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

| | 30.6.05 | 30.6.04 |
|--|----------------|----------------|
| | £ | £ |
| Profit on ordinary activities before tax | <u>160,284</u> | <u>35,517</u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%) | 48,085 | 10,655 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 472 | 73 |
| Capital allowances in excess of depreciation | - | (1,492) |
| Depreciation in excess of capital allowances | 499 | - |
| Franked investment income | (16,500) | - |
| Marginal relief | <u>(56)</u> | <u>(2,767)</u> |
| Current tax charge | <u>32,500</u> | <u>6,469</u> |

At the end of the year, there was a deferred taxation asset, and as such no provision has been entered into the financial statements. There was an asset at the end of the previous year. Both years are not considered to be material to the financial statements (2005 £2,265 : 2004 £1,766).

Braithwaite Engineers Limited

**Notes to the Financial Statements
for the Year Ended 30 June 2005**

5. TANGIBLE FIXED ASSETS

| | Plant and machinery etc |
|-------------------------|-------------------------------|
| | £ |
| COST: | |
| At 1 July 2004 | 290,882 |
| Additions | 25,754 |
| Disposals | <u>(85,489)</u> |
| At 30 June 2005 | <u>231,147</u> |
| DEPRECIATION: | |
| At 1 July 2004 | 107,419 |
| Charge for year | 53,855 |
| Eliminated on disposals | <u>(53,315)</u> |
| At 30 June 2005 | <u>107,959</u> |
| NET BOOK VALUE: | |
| At 30 June 2005 | <u>123,188</u> |
| At 30 June 2004 | <u>183,462</u> |

6. FIXED ASSET INVESTMENTS

| | |
|------------------------------------|---------------|
| | £ |
| COST: | |
| At 1 July 2004 and 30 June 2005 | <u>11,260</u> |
| NET BOOK VALUE: | |
| At 30 June 2005 | <u>11,260</u> |
| At 30 June 2004 | <u>11,260</u> |
| | |
| | 30.6.05 |
| | £ |
| Unlisted investments | <u>11,260</u> |
| | 30.6.04 |
| | £ |
| | <u>11,260</u> |

Braithwaite Engineers Limited

Notes to the Financial Statements for the Year Ended 30 June 2005

6. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Braithwaite BV

Country of incorporation: Netherlands

Nature of business: Supply and erection of fluid storage systems.

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

Consolidated accounts are not prepared because Braithwaite Engineers Limited is a wholly owned subsidiary of Rowecord Holdings Limited.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30.6.05 £ | 30.6.04 £ |
|-------------------------------------|----------------|------------------|
| Trade debtors | 689,919 | 909,719 |
| Other debtors | 862 | 78 |
| Prepayments | 1,100 | 1,466 |
| Amounts due from group undertakings | 19,263 | 216,428 |
| Dividend receivable | 55,000 | - |
| Amounts recoverable on contracts | <u>94,200</u> | <u>119,954</u> |
| | <u>860,344</u> | <u>1,247,645</u> |

Braithwaite Engineers Limited

Notes to the Financial Statements for the Year Ended 30 June 2005

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30.6.05 | 30.6.04 |
|-----------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 324,172 | 361,577 |
| Directors current accounts | 15,720 | 7,200 |
| Amounts billed in advance | 25,268 | 34,853 |
| Other creditors | 28,909 | 27,787 |
| Amounts due to group undertakings | 509,895 | 226,621 |
| Social security & other taxes | 40,609 | 34,148 |
| Taxation | 32,500 | 5,848 |
| Accrued expenses | <u>14,025</u> | <u>10,707</u> |
| | <u>991,098</u> | <u>708,741</u> |

9. CALLED UP SHARE CAPITAL

| | | | | |
|----------------------------------|----------|----------------|----------------|----------------|
| Authorised: | | | | |
| Number: | Class: | Nominal value: | 30.6.05 | 30.6.04 |
| | | | £ | £ |
| 100,000 | Ordinary | £1 | <u>100,000</u> | <u>100,000</u> |
| Allotted, issued and fully paid: | | | | |
| Number: | Class: | Nominal value: | 30.6.05 | 30.6.04 |
| | | | £ | £ |
| 86,000 | Ordinary | £1 | <u>86,000</u> | <u>86,000</u> |

10. CAPITAL REDEMPTION RESERVE

| | 30.6.04 | 30.6.03 |
|-------------------------------------|---------------|---------------|
| | £ | £ |
| Brought forward and carried forward | <u>14,000</u> | <u>14,000</u> |

11. PENSION COMMITMENTS

The company has defined contribution pension schemes for certain of its employees and directors. These are funded by premiums paid to an insurance company which considers that the payments made, and to be made, are adequate to fulfil the obligations under the schemes. The profit and loss account charge is shown in Note 3.

Braithwaite Engineers Limited
Notes to the Financial Statements
for the Year Ended 30 June 2005

12. ULTIMATE PARENT COMPANY

The ultimate parent company is Rowecord Holdings Limited, a company incorporated in Great Britain and registered in England and Wales and controlled by B F Hoppé.

13. CONTINGENT LIABILITIES

There are contingent liabilities in respect of agreements entered into in the normal course of trade , and at the year end, the company had guarantee bonds in favour of the HSBC Bank plc totalling £454,887 (2004 : £447,129).

14. RELATED PARTY DISCLOSURES

The company is a subsidiary undertaking of Rowecord Holdings Limited and has taken advantage of the exemption from disclosing transactions with entities that are part of the same group as conferred by Financial Reporting Standard No.8 "Related Party Transactions".