

PLASFLOW LIMITED

Company No. 03919619

Annual Report for the year ended

30 June 2005



PLASFLOW LIMITED

Registered number: 3919619

Annual Report for the year ended 30 June 2005

	Page
Company Information	1
Report of the directors	2 – 3
Statement of Directors' responsibilities	4
Report of the Independent auditors	5 – 6
Profit & loss account	7
Statement of Total Recognised Gains and Losses	8
Balance sheet	9
Notes to the financial statements	10 – 18

PLASFLOW LIMITED

COMPANY INFORMATION

DIRECTOR	A G Smith
SECRETARY	P Storey
REGISTERED OFFICE	Fullflow House Holbrook Avenue Sheffield S20 3FF
REGISTERED NUMBER	03919619
AUDITOR	KPMG Audit Plc 2 Cornwall Street Birmingham B3 2DL
BANKERS	Bank of Scotland plc Level 8 123 St Vincent Street Glasgow G2 5EA

PLASFLOW LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2005

The directors present their report and the audited financial statements of the Company for the year ended 30 June 2005.

Principal activities

The principal activities of the Company are manufacturing and distributing high quality thermoplastic pipes and fittings for soil, chemical and water systems.

Review of the business and future prospects

The profit and loss account for the year is set out on page 7.

During the year under review Plasflow embarked on a programme of cost cutting measures which has resulted in a significant reduction in overheads and returned the company to profit.

Dividends and transfer to reserves

The Directors recommend that a final ordinary dividend of £Nil (2004:£Nil) be paid. The profit for the year of £12,382 (2004: loss £74,521) has been transferred to reserves.

Directors and Directors' interests

The following held office as Directors of the Company during the year:-

A G Smith

At the period end no director had any interest in the share capital of the Company.

Mr A G Smith is a director of SWP Group plc, the ultimate holding company at the year end, and his interest in the share capital of the ultimate holding company is disclosed in the financial statements of that Company.

PLASFLOW LIMITED

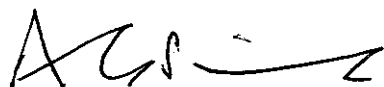
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2005 (continued)

Auditor

In accordance with section 384 of the Companies Act 1985, a resolution for the appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming annual general meeting. KPMG Audit Plc have signified their willingness to continue in office.

28 February 2006

By order of the board

A handwritten signature in black ink, appearing to read 'A G Smith', with a long horizontal flourish extending to the right.

A G Smith
Managing Director

PLASFLOW LIMITED

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 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.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

PLASFLOW LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PLASFLOW LIMITED

We have audited the financial statements of Fullflow Group Ltd for the year ended 30 June 2005 which comprise as the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. 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

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report 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 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 judgments 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.

PLASFLOW LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PLASFLOW LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, 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.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Birmingham

28 February 2006

PLASFLOW LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 £	2004 £
Turnover		988,494	1,177,202
Cost of sales		(614,172)	(743,772)
Gross profit		374,322	433,430
Administrative expenses		(331,008)	(475,642)
Operating profit / (loss)	2	43,314	(42,212)
Interest payable	3	(30,932)	(32,309)
Profit / (loss) on ordinary activities before taxation		12,382	(74,521)
Taxation on profit / (loss) on ordinary activities	4	-	-
Profit / (loss) on ordinary activities after taxation		12,382	(74,521)
Dividends		-	-
Retained profit / (loss) for the year		12,382	(74,521)

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year as stated above and their historical cost equivalents.

All activities were continuing throughout the year.

PLASFLOW LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

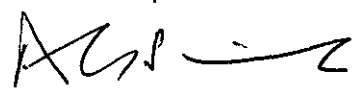
	2005 £	2004 £
Profit/(loss) for the year	12,382	(74,521)
Unrealised surplus on revaluation of land and buildings	50,000	-
Total profits/(losses) recognised since last annual report	<u>62,382</u>	<u>(74,521)</u>

PLASFLOW LIMITED

BALANCE SHEET AS AT 30 JUNE 2005

	Note	2005	2004
		£	£
Fixed assets			
Intangible assets	7	-	4,648
Tangible assets	8	774,753	822,308
		<u>774,753</u>	<u>826,956</u>
Current assets			
Stocks	9	228,696	312,466
Debtors	10	235,657	209,856
Cash at bank and in hand		<u>4,523</u>	<u>-</u>
		468,876	522,322
Creditors: Amounts falling due within one year	11	(753,158)	(856,467)
Net current liabilities		<u>(284,282)</u>	<u>(334,145)</u>
Total assets less current liabilities		<u>490,471</u>	<u>492,811</u>
Creditors: Amounts falling due after more than one year	12	(335,162)	(399,884)
Net assets		<u>155,309</u>	<u>92,927</u>
Capital and reserves			
Called up share capital	15	1	1
Revaluation reserve	16	50,000	-
Profit and loss account	16	105,308	92,926
Equity shareholders' funds	17	<u>155,309</u>	<u>92,927</u>

The financial statements were approved by the board on 28 February 2006 and signed on its behalf by:-



A G Smith
Managing Director

PLASFLOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2005

1. Accounting policies

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

Basis of Accounts

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

Turnover

Turnover consists of the value (excluding VAT) of goods and services supplied to third parties net of discounts, wholly within the UK.

Stocks

Stocks are valued at the lower of cost or net realisable value.

Deferred Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided in respect of all timing differences that have originated but not reversed by the balance sheet date except as allowed by FRS 19 "Deferred Tax". Deferred Tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse based on the rates and laws substantively enacted on the balance sheet date.

Cash flow statement

The Company has not provided a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking which satisfies the requirements of paragraph 5(a) FRS 1 (Revised 1996) Cash Flow Statements.

Intangible Fixed Assets and Goodwill

Patents and trademarks are included at cost and amortised over their useful economic lives as shown in note 7.

Pensions

The company makes defined contributions to a number of employee personal pension schemes. The contributions are charged to the profit and loss account in the year in which they become payable.

PLASFLOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Tangible assets

Land and buildings are carried at valuation. These assets are subject to an annual Directors' valuation where the Directors consider that there has been a material change in their valuation. Every three years the land and buildings will be subject to an external valuation. Any impairment in tangible assets is recognised immediately.

Depreciation and amortisation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:-

Freehold buildings	-	2½% per annum straight line
Plant, fixtures and fittings	-	10% to 33% per annum straight line
Motor vehicles	-	33% per annum reducing balance

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction, except where a foreign exchange forward contract has been arranged, in which case the forward rate has been used. Any assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date, or applicable forward rate, differences on exchange are taken to profit and loss account in the year.

Related party transactions

In accordance with the exemption provided by Financial Reporting Standard 8 'Related Party Disclosure' the Company has not disclosed transactions with fellow group companies.

Leased Assets

Assets leased under finance leases are capitalised on the balance sheet and depreciated over their expected useful lives. The outstanding future lease obligations are shown in creditors. The interest element of leasing payments is charged to the profit and loss account over the period of the lease.

Operating lease payments are charged to the profit and loss account on a straight line basis over the lease term.

PLASFLOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Operating profit / (loss)

Operating profit / (loss) profit is stated after charging:-

	2005 £	2004 £
Depreciation of tangible fixed assets – owned	52,747	53,013
Depreciation of tangible fixed assets – leased	48,399	51,080
Amortisation of intangible fixed assets	2,056	3,393
Auditors' Remuneration – audit services	2,200	2,100
Auditors' Remuneration – non-audit services	-	-
Hire of plant and machinery	17,993	45,036
	<u>124,435</u>	<u>204,622</u>

3. Interest payable

	2005 £	2004 £
Interest payable and similar charges:		
Mortgage interest	23,074	18,276
Hire purchase and finance lease interest	7,858	14,033
	<u>30,932</u>	<u>32,309</u>

4. Taxation

The current tax credit for the year is lower (2004: lower) than the standard rate of corporation tax in the UK, 30% (2004: 30%). The differences are explained below:

	2005 £	2004 £
Profit/(loss) on ordinary activities before tax	<u>12,382</u>	<u>(74,521)</u>
Current tax at 30% (2004:30%)	3,715	(22,356)
Expenses not deductible for tax purposes	929	6,000
Capital allowances in excess of depreciation for year	(12,103)	(2,754)
Increase in losses carried forward	-	19,110
Group relief received	7,459	-
	<u>-</u>	<u>-</u>

PLASFLOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Employees and pensions

	Number of Employees	
	2005	2004
The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:-		
Production	9	11
Sales and distribution	2	2
Administration	3	4
	<u>14</u>	<u>17</u>
	2005 £	2004 £
Total employment costs in respect of these employees were:		
Wages and salaries	267,777	329,324
Social security costs	26,780	38,860
	<u>294,557</u>	<u>368,184</u>

6. Remuneration of directors

No directors were paid by the company either in the current or preceding year.

PLASFLOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Intangible fixed assets

	Patents and Trademarks £
Cost	
At 1 July 2004	152,841
Additions	-
Disposals	(118,929)
Transfers to fellow group undertakings	(33,912)
At 30 June 2005	<u>-</u>
Amortisation	
At 1 July 2004	148,193
Charge for the year	2,056
Disposals	(118,929)
Transfers to fellow group undertakings	(31,320)
At 30 June 2005	<u>-</u>
Net book value at 30 June 2005	<u>-</u>
Net book value at 30 June 2004	<u>4,648</u>

PLASFLOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Tangible fixed assets

	Land and Buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 July 2004	586,411	463,838	1,050,249
Additions	–	2,607	2,607
Revaluations	21,355	–	21,355
Transfers to fellow group undertakings	–	12,227	12,227
Transfers from fellow group undertakings	–	(12,252)	(12,252)
At 30 June 2005	<u>607,766</u>	<u>466,420</u>	<u>1,074,186</u>
Depreciation			
At 1 July 2004	21,485	206,456	227,941
Charge for the year	7,160	93,986	101,146
Revaluations	(28,645)	–	(28,645)
Transfers to fellow group undertakings	–	(6,104)	(6,104)
Transfers from fellow group undertakings	–	5,095	5,095
At 30 June 2005	<u>–</u>	<u>299,433</u>	<u>299,433</u>
Net book value at 30 June 2005	<u>607,766</u>	<u>166,987</u>	<u>774,753</u>
Net book value at 30 June 2004	<u>564,926</u>	<u>257,382</u>	<u>822,308</u>

The net book value of assets purchased under finance leases amounts to £158,514 (2004: £205,839). The depreciation charged on those assets amounted to £48,399 (2004: £51,080).

The cost of land and buildings under the historical cost convention is £586,411 (2004: £586,411). The net book value of land and buildings under the historical cost convention is £557,766 (2004: £564,926).

In accordance with our accounting policy, the land and buildings were valued by the director on the 19 October 2005 having taken advice from Stuart Graham & Co., Chartered Surveyors.

PLASFLOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Stocks

	2005 £	2004 £
Raw materials	<u>228,696</u>	<u>312,466</u>

10. Debtors

	2005 £	2004 £
Trade debtors	62,965	86,541
Amounts due from group companies	157,612	108,010
Other debtors	15,080	15,305
	<u>235,657</u>	<u>209,856</u>

11. Creditors: amounts falling due within one year

	2005 £	2004 £
Bank overdraft	-	303
Trade creditors	58,090	148,232
Obligations under finance leases and hire purchase contracts	64,194	70,914
Amounts due to group companies	599,240	565,194
Taxation and social security	1,968	28,769
Accruals and deferred income	29,666	43,055
	<u>753,158</u>	<u>856,467</u>

12. Creditors: amounts falling due after more than one year

	2005 £	2004 £
Obligations under finance leases and hire purchase contracts	10,162	74,884
Obligations under mortgage contract	325,000	325,000
	<u>335,162</u>	<u>399,884</u>

As at 30 June 2005, the mortgage contract is repayable on 30 June 2007 with interest charged at 2% above Bank of Scotland base rate.

PLASFLOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Finance leases and hire purchase

Repayments due under finance lease agreements and hire purchase contracts are as follows:-

	2005 £	2004 £
Within one year	64,194	70,914
Between one and five years	10,162	74,884
	<u>74,356</u>	<u>145,798</u>

14. Provisions for liabilities and charges

A deferred tax asset of £74,952 (2004: £45,803) has not been recognised in respect of losses and accelerated capital allowances, as it is unlikely to reverse in the immediate future.

15. Called up share capital

	2005 £	2004 £
Authorised ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid ordinary shares of £1 each	<u>1</u>	<u>1</u>

16. Reserves

	Revaluation Reserve	Profit & loss account
At 1 July 2004	-	92,926
Retained profit for year	-	12,382
Revaluation of land and buildings in year	50,000	-
At 30 June 2005	<u>50,000</u>	<u>105,308</u>

PLASFLOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Shareholders' funds

	2005 £	2004 £
Reconciliation of movements in shareholders' funds:-		
Retained profit / (loss) for the year	12,382	(74,521)
Revaluation of land and buildings in year	<u>50,000</u>	<u>-</u>
Net movement in shareholders' funds	62,382	(74,521)
Opening shareholders' funds	92,927	167,448
Closing shareholders' funds	<u>155,309</u>	<u>92,927</u>

18. Contingent liabilities

The Company has given guarantees in respect of borrowings of certain of its Group undertakings.

19. Ultimate holding company

The company is the wholly owned subsidiary undertaking of Fullflow Group Limited. The ultimate parent company is SWP Group plc.

The financial statements of the company are included within the consolidated financial statements of SWP Group plc. Copies of the consolidated financial statements may be obtained from The Secretary, SWP Group plc, 4th Floor, Bedford House, 3 Bedford Street, London, WC2E 9HD.

PLASFLOW GROUP LIMITED

DETAILED TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2005

The following information does not form part of the audited statutory financial statements and is included solely for the information of management.

		2005		2004	
		£	£	£	£
Turnover	external		224,087		515,154
	internal		<u>764,407</u>		<u>662,048</u>
			988,494		1,177,202
Materials		316,332		495,441	
Labour		180,787		214,069	
Machine hire		17,993		45,036	
Other (income)/costs		<u>99,060</u>		<u>(10,774)</u>	
Cost of Sales			614,172		743,772
Gross profit			<u>374,322</u>		<u>433,430</u>
Marketing		7,730		13,047	
Salaries and employment costs		113,770		153,691	
Property costs		52,526		63,137	
Motor vehicles		20,158		18,683	
Travelling expenses		1,155		1,539	
Office expenses		5,710		11,724	
Telephones		3,854		4,609	
Legal and professional		22,916		82,685	
Training		195		115	
Depreciation – Plant		68,613		68,684	
Depreciation – Patents		2,056		3,393	
Depreciation – Fixtures		19,515		19,740	
Depreciation – Computers		2,487		2,454	
Recruitment fees		7,132		–	
Bank charges		321		49	
Subscriptions & donations		–		965	
Bad debts		–		36,098	
General expenses		635		881	
Exchange difference		2,235		–	
Management fees – SWP Group		–		(5,852)	
			<u>331,008</u>		<u>475,642</u>
Operating profit/(loss)			<u>43,314</u>		<u>(42,212)</u>