

Southern Bear Trading Limited

Directors' Report and Financial Statements

for the Year Ended 31 March 2008

Registration number 05730081

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Southern Bear Trading Limited

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Southern Bear Trading Limited
Officers and Advisers

Directors	J P Pither
	N G McGowan
	J C D Parsons
	C W Dalton (appointed 9 October 2007)
Secretary	XL Secretaries Limited
Registered office	Radbourne 56 Kenilworth Road Leamington Spa Warwickshire CV32 6JW
Solicitors	Beechcroft LLP 100 Fetter Lane London EC4A 1BN
Auditors	RSM Bentley Jennison Chartered Accountants & Registered Auditors Charterhouse Legge Street Birmingham B4 7EU

Southern Bear Trading Limited

Directors' Report for the Year Ended 31 March 2008

The directors present their report and the audited financial statements for the year ended 31 March 2008

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to

- select suitable accounting policies and 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 a 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 enable them to ensure 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.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The company acts as a holding company for its subsidiary undertakings.

Business review

The directors consider that the results for the year and the financial position at the end of the year were satisfactory.

Results and dividend

The results for the company are set out in the financial statements.

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

- J P Pither
- N G McGowan
- J C D Parsons
- C W Dalton (appointed 9 October 2007)

The directors have no interest in the share capital of the company.

The directors are also directors of the ultimate parent undertaking, Southern Bear plc. Their interest in the share capital of the ultimate parent undertaking are disclosed in the group consolidated financial statements.


Southern Bear Trading Limited
Directors' Report for the Year Ended 31 March 2008

continued

Auditors

The auditors, RSM Bentley Jennison, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985

Approved by the Board on 17 September 2008 and signed on its behalf by



XL Secretaries Limited
Company Secretary

Independent Auditors' Report to the Members of Southern Bear Trading Limited

We have audited the financial statements of Southern Bear Trading Limited for the year ended 31 March 2008 set out on pages 5 to 12. These financial statements have been prepared in accordance with 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 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 in the statement of Directors' responsibilities on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 transactions with the company 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

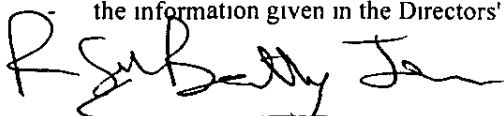
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of 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 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



RSM Bentley Jennison
Chartered Accountants & Registered Auditors

Charterhouse
Legge Street
Birmingham
B4 7EU

17 September 2008

Southern Bear Trading Limited
Profit and Loss Account for the Year Ended 31 March 2008

	Note	Year ended 31 March 2008 £	6 March 2006 to 31 March 2007 £
Turnover		-	-
Administrative expenses		(65)	(1,036)
Operating loss		<u>(65)</u>	<u>(1,036)</u>
Interest payable and similar charges	4	(111,662)	(41,666)
Loss on ordinary activities before taxation		<u>(111,727)</u>	<u>(42,702)</u>
Loss for the financial year	13	<u><u>(111,727)</u></u>	<u><u>(42,702)</u></u>

Turnover and operating loss derive wholly from continuing operations

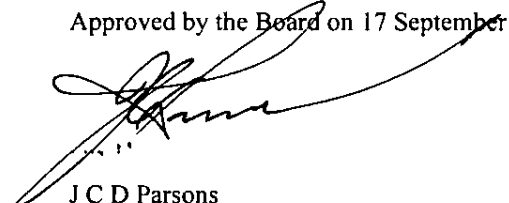
The company has no recognised gains or losses for the year other than the results above

The notes on pages 7 to 12 form an integral part of these financial statements

Southern Bear Trading Limited
Balance Sheet as at 31 March 2008

		31 March 2008		31 March 2007	
	Note	£	£	£	£
Fixed assets					
Investments	6		3,438,392		3,438,392
Current assets					
Debtors	7	2,363		1,353	
Cash at bank and in hand		10,931		1,845	
		<u>13,294</u>		<u>3,198</u>	
Creditors: Amounts falling due within one year	8	<u>(3,163,437)</u>		<u>(2,503,345)</u>	
Net current liabilities			<u>(3,150,143)</u>		<u>(2,500,147)</u>
Total assets less current liabilities			288,249		938,245
Creditors: Amounts falling due after more than one year	9		<u>(441,325)</u>		<u>(979,594)</u>
Net liabilities			<u>(153,076)</u>		<u>(41,349)</u>
Capital and reserves					
Called up share capital	12		1,353		1,353
Profit and loss account	13		<u>(154,429)</u>		<u>(42,702)</u>
Equity shareholders' deficit	14		<u>(153,076)</u>		<u>(41,349)</u>

Approved by the Board on 17 September 2008 and signed on its behalf by


J C D Parsons
Director

The notes on pages 7 to 12 form an integral part of these financial statements

Southern Bear Trading Limited

Notes to the Financial Statements for the Year Ended 31 March 2008

1 Accounting policies

Basis of preparation

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

Under section 248 of the Companies Act 1985 the group is exempt from the requirement to prepare group accounts by virtue of its size and as an intermediate holding company. Therefore the accounts present information about the company as an individual undertaking and not about its group.

Cash flow statement

The ultimate parent of the Company is Southern Bear plc who prepares consolidated financial statements which includes a consolidated cash flow statement. These are available from Companies House. As a result and on the basis that Southern Bear Trading Limited, on its own, qualifies as a small reporting entity, is exempt from the requirement to present a cash flow statement in accordance with FRS 1.

Going concern

The financial statements have been prepared as a going concern on the basis that the Company has full financial support from its ultimate parent company, Southern Bear plc.

Other fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Classification of financial instruments issued by the company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company.

2 Particulars of employees

The average number of persons employed by the company (including directors) during the year was as follows:

	Year ended 31 March 2008 No.	6 March 2006 to 31 March 2007 No.
Management	<u>3</u>	<u>3</u>

3 Directors' emoluments

No emoluments were paid to the directors during the year (2007 - £nil).

J P Pither, N G McGowan and J C D Parsons received emoluments from Southern Bear plc, details of which are disclosed in the consolidated financial statements.

C W Dalton received emoluments from Tarvail Limited, details of which are disclosed in the financial statements of that company.

Southern Bear Trading Limited

Notes to the Financial Statements for the Year Ended 31 March 2008

continued

4 Interest payable and similar charges

	Year ended 31 March 2008	6 March 2006 to 31 March 2007
	£	£
Bank loan interest payable	<u>111,662</u>	<u>41,666</u>

5 Taxation

Analysis of current period tax credit

	Year ended 31 March 2008	6 March 2006 to 31 March 2007
	£	£
Total tax on loss on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting current period tax credit

The tax assessed on the loss on ordinary activities for the year is higher than (6 March 2006 to 31 March 2007 - higher than) the standard rate of corporation tax in the UK of 30.00% (6 March 2006 to 31 March 2007 - 30.00%)

The differences are reconciled below

	Year ended 31 March 2008	6 March 2006 to 31 March 2007
	£	£
Loss on ordinary activities before taxation	<u>(111,727)</u>	<u>(42,702)</u>
Standard rate corporation tax credit	(33,518)	(12,811)
Loss carried forward	-	8,814
Group relief	<u>33,518</u>	<u>3,997</u>
Total current tax for the year	<u>-</u>	<u>-</u>

Factors which may affect future tax charges

There are no factors affecting future tax charges

Southern Bear Trading Limited

Notes to the Financial Statements for the Year Ended 31 March 2008

continued

6 Fixed asset investments

	Group shares £
Cost	
As at 1 April 2007 and 31 March 2008	<u>3,438,392</u>
Net book value	
As at 31 March 2008	<u>3,438,392</u>
As at 31 March 2007	<u>3,438,392</u>

The company holds more than 20% of the share capital of the following companies

	Country of incorporation	Principal activity	Class	%	Year end
Subsidiary undertakings					
Tarvail Limited	United Kingdom	Pipeline design, installation and general engineering	Ordinary	100	31 March 2008
Tarvail Design Limited	United Kingdom	Pipeline design	Ordinary	100	31 March 2008

	Capital & reserves £	Profit/(loss) for the year £
Subsidiary undertakings		
Tarvail Limited	1,151,586	256,163
Tarvail Design Limited	(11,727)	(37,837)

7 Debtors

	31 March 2008 £	31 March 2007 £
Other debtors	2,363	-
Called up share capital not paid	<u>-</u>	<u>1,353</u>
	<u>2,363</u>	<u>1,353</u>

Southern Bear Trading Limited

Notes to the Financial Statements for the Year Ended 31 March 2008

continued

8 Creditors: Amounts falling due within one year

	31 March 2008	31 March 2007
	£	£
Bank loans and overdrafts	543,192	504,923
Amounts owed to group undertakings	2,620,245	1,871,030
Accruals and deferred income	-	127,392
	<u>3,163,437</u>	<u>2,503,345</u>

9 Creditors: Amounts falling due after more than one year

	31 March 2008	31 March 2007
	£	£
Bank loans and overdrafts	<u>441,325</u>	<u>979,594</u>

10 Maturity of borrowings

Amounts repayable

	Bank loans & overdrafts £
As at 31 March 2008	
In one year or less on demand	543,192
Between one and two years	441,325
	<u>984,517</u>
As at 31 March 2007	
In one year or less on demand	504,923
Between one and two years	543,192
Between two and five years	436,402
	<u>1,484,517</u>

11 Security of borrowings

A bank loan of £1,600,000 was taken out on 28 November 2006. Repayments commenced on 28 February 2007 and will continue until 30 November 2009. These borrowings are secured by fixed and floating charges over the Group's assets dated 29 November 2006. The loan carries fixed interest of 7.75% per annum.

Southern Bear Trading Limited

Notes to the Financial Statements for the Year Ended 31 March 2008

continued

12 Share capital

	31 March 2008 £	31 March 2007 £
Authorised		
Equity		
200,000 Ordinary shares of 1 pence each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
Equity		
135,300 Ordinary shares of 1 pence each	<u>1,353</u>	<u>1,353</u>

13 Reserves

	Profit and loss account £
Balance at 1 April 2007	(42,702)
Transfer from profit and loss account for the year	<u>(111,727)</u>
Balance at 31 March 2008	<u>(154,429)</u>

14 Reconciliation of movements in shareholders' funds

	31 March 2008 £	31 March 2007 £
Loss attributable to members of the company	(111,727)	(42,702)
New share capital subscribed	<u>-</u>	<u>1,353</u>
Net reduction to shareholders' funds	<u>(111,727)</u>	<u>(41,349)</u>
Opening equity shareholders' deficit	<u>(41,349)</u>	<u>-</u>
Closing equity shareholders' deficit	<u>(153,076)</u>	<u>(41,349)</u>

15 Contingent liabilities

A cross guarantee exists between the main banking facilities of Southern Bear Trading Limited, Southern Bear plc and its remaining subsidiaries. At 31 March 2008, net bank loans and overdrafts in the other group companies amounted to £2,140,000 (2007 £nil). These facilities are secured by way of debenture over the assets of the group companies.

Southern Bear Trading Limited
Notes to the Financial Statements for the Year Ended 31 March 2008

continued

16 Related parties

Controlling entity

The company is a wholly owned subsidiary of Southern Bear plc, a company with no controlling party. Copies of the group accounts can be obtained from Radbourne, 56 Kenilworth Road, Leamington Spa, Warwickshire, CV32 6JW.

Southern Bear Plc is the immediate and ultimate parent undertaking.

Related party transactions

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 that company's voting rights are controlled within the group.