

Company Registration No 2386356 (England and Wales)

**ABLE UK LIMITED**  
**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

THURSDAY



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COMPANIES HOUSE

# ABLE UK LIMITED

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# **ABLE UK LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

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The directors present their report and financial statements for the year ended 31 December 2006

### **Principal activities and review of the business**

The principal activity of the company continues in the following areas

- Land reclamation, development and management
- Disposal of redundant marine structures including ships
- Waste treatment & disposal
- Demolition and site reclamation works
- Provider of multi-user facilities for marine related activities including fabrication and shipping
- Provision of port facilities

The company has an overseas subsidiary, Post-Service Remediation Partners LLC

As with the previous year, the result achieved would have been significantly better if the ship recycling business had not been delayed due to the waste management licence for ship recycling being annulled by the Environmental Agency following a judicial review by Friends of the Earth against the Environmental Agency and, similarly, the planning permission for ship recycling was annulled following a judicial review against Hartlepool Borough Council when a judge agreed that a ship was not a marine structure

The directors and senior management have had to spend considerable effort to obtain new Environmental Impact statements, planning permissions and a new waste management licence for ship recycling. Against this background, the directors are satisfied with the profits that have been achieved after including significant exceptional costs associated with the above

The directors have negotiated a one-off rent reduction due to the delays which, combined with the profits from the non ship recycling activities, helped counter the costs and difficulties of obtaining the necessary permits and licenses for the ship recycling operations

The company obtained its planning permission for ship recycling in November 2007 and is due to receive its Waste Management Licence in 2008, which will allow the ship recycling operation to finally commence

### **Results and dividends**

The results for the year are set out on page 8

The company does not intend to pay a dividend as it wishes to keep a strong capital base for future expansion

### **Market value of land and buildings**

In the opinion of the directors, the market value of freehold buildings was not significantly different from book value

# ABLE UK LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

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### **Financial risk management**

The company has been in funds for many years and remains so. Accordingly, the company does not use derivative financial instruments to manage interest rates and neither does it use hedge accounting.

#### *Price risk*

One of the reasons for the profits remaining buoyant has been the relatively high steel price that held during all of 2006. One of the major economic factors as to why the steel price has remained high is the scale of building, development and growth stimulated by China and the Asian economies in general. Obviously, if the steel price slumped it would adversely affect our business but, bearing in mind the number and scope of our activities, any such fall in the steel price should easily be absorbed.

An area of vulnerability is that the company is tendering for major projects which can be for two or three years hence and clients often seek "fixed" prices thus leaving the company vulnerable to adverse price changes, in particular, the steel price. Fortunately, the company has many years of experience in understanding the steel market and does, when considered necessary, sell on future fixed price contracts.

In addition to the bank funds held, the company has nearly £500,000 of investments on the London Stock Exchange and thus there is a degree of risk with these investments depending on the performance of the London Stock Exchange generally.

#### *Credit risk*

The company does not use any intermediary factoring or debt finance arrangements and has strict internal policies that require appropriate credit checks on potential customers before sales are made and continual monitoring of the debts when invoiced. The amount of exposure to any individual customer is subject to a limit, which is reassessed annually by the finance function.

#### *Liquidity risk*

As can be seen from the financial statements, current assets exceed current liabilities and bearing in mind that there is a further near £500,000 of investments included outside the current assets, the company is particularly strong/liquid. In addition all company assets are owned outright with no lease or hire purchase finance involved.

#### *Interest rate risk*

The company does not have planned significant capital outlays during 2007 and though the company does receive finance interest on its positive funds position, this is not a major factor of the overall result and thus the company is not particularly vulnerable to downward interest rate changes - upward rate changes would favour the company.

### **Future developments**

The company will continue all existing business activities and expect to increase the property development and management by 10% next year. Expectation is also for ship recycling to provide healthy profits in 2008 when the new dry dock facility is in operation.

### **Directors**

The following directors have held office since 1 January 2006

Mr P M Stephenson  
Miss R Stephenson

# ABLE UK LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

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Charitable donations	2006 £	2005 £
During the year the company made the following payments		
Charitable donations	400	695

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that HLB Vantis Audit plc be reappointed as auditors of the company will be put to the Annual General Meeting

### 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 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,
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

### Directors' comment on audit opinion

The auditors have reached a different opinion on these financial statements, in relation to the accounting treatment of a £10m provision, to the one they came to for the accounting years ended 31 December 2004 and 31 December 2005 and previously in their audit opinion in respect of the financial statements of Able UK Holdings Limited for the accounting years ended 31 December 2000 to 31 December 2003 which had carried the provision until 2004.

Neither the accounting treatment of the provision or the wording of FRS 12 has changed since the financial year ended 31st December 2000.

The directors' view is that if the auditors change their long standing opinion then, at the very least, this should be acknowledged and explained in their audit report which they have failed to do.

The directors' view on this matter is made clear in note 13 to the Financial statements and explains in detail our disagreement on this issue.

In all other respects the directors and auditors are in agreement on the financial statements.

# ABLE UK LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

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### Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



Mr P M Stephenson

Director

27th March 2008

# **ABLE UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO ABLE UK LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985**

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We have examined the abbreviated accounts set out on pages 8 to 24, together with the financial statements of Able UK Limited for the year ended 31 December 2006 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 them in an auditor's report on abbreviated accounts 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 audit 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 section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

### **Other information**

On we reported, as auditors of Able UK Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 December 2006, and our audit report was as follows:

"We have audited the financial statements of Able UK Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes 1 to 25. 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.

# **ABLE UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO ABLE UK LIMITED (CONTINUED) UNDER SECTION 247B OF THE COMPANIES ACT 1985**

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### **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 misstatements within it

### **Basis of 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



# ABLE UK LIMITED

## INDEPENDENT AUDITORS' REPORT TO ABLE UK LIMITED (CONTINUED) UNDER SECTION 247B OF THE COMPANIES ACT 1985

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### **Adverse opinion on the financial statements**

As more fully explained in note 13 to the financial statements, provisions for liabilities include a provision of £10,000,000 in respect of a possible obligation on land. The provision was originally recognised by the company's parent in the financial statements for the year ended 31 December 2000 and was transferred to the company as part of a hive down arrangement in 2004.

In our opinion, the existence of the obligation will only be established by future events outside the control of the company. The company has only a possible obligation to transfer economic benefits as a result of a past event and therefore we do not believe a provision in accordance with FRS 12 should be recognised. In our opinion, the conditions are such that only a contingent liability should be disclosed in the financial statements.

If this provision is not recognised, the effect in these financial statements would be to replace the provision of £10,000,000 with an additional corporation tax creditor of £3,000,000 and deduct £7,000,000 from the amount owed by the company's parent.

It is not possible to quantify with reasonable certainty the total amount of interest on late payment of corporation tax which will possibly become payable as at the balance sheet date, however this might be as much as £1,225,000 of which £421,000 would arise since the hive down and would be charged on the company's profits since that date. The amount of interest payable up to the date of hive down will be charged to the company's parent. Any such adjustments for interest would result in corresponding adjustments to the deferred tax provision.

In view of the effect of the inclusion of the provision referred to above, in our opinion the financial statements do not 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 December 2006 and of its profit for the year then ended.

Notwithstanding our adverse opinion on the financial statements, the information given in the directors' report is consistent with the financial statements.

In all other respects the financial statements have been properly prepared in accordance with the Companies Act 1985.

Note 12 to these abbreviated accounts is note 13 in the financial statements.

*HLB Vantis Audit plc*

**HLB Vantis Audit plc**  
Chartered Accountants and Registered Auditors  
New Exchange Buildings  
Queens Square  
Middlesbrough  
TS2 1AA

Date 27 March 2008

# ABLE UK LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

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	Notes	2006 £	2005 £
<b>Gross profit</b>		1,495,270	1,746,504
Administrative expenses		(1,115,241)	(1,298,622)
<b>Operating profit</b>	<b>2</b>	380,029	447,882
Investment income	<b>3</b>	17,471	25,853
Other interest receivable and similar income		153,828	172,869
Amounts written off investments	<b>4</b>	2,333	10,508
Interest payable and similar charges	<b>5</b>	-	(20,636)
<b>Profit on ordinary activities before taxation</b>		553,661	636,476
Tax on profit on ordinary activities	<b>6</b>	(131,029)	(170,628)
<b>Profit for the year</b>	<b>16</b>	422,632	465,848

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The profit and loss account has been prepared on the basis that all operations are continuing operations

## ABLE UK LIMITED

### ABBREVIATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2006

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	2006 £	2005 £
<b>Profit for the financial year</b>	422,632	465,848
Unrealised (deficit)/surplus on revaluation of investments	(4,583)	41,492
<b>Total recognised gains and losses relating to the year</b>	<u>418,049</u>	<u>507,340</u>

### Note of historical cost profits and losses

	2006 £	2005 £
<b>Reported profit on ordinary activities before taxation</b>	553,661	636,476
Realisation of property revaluation gains of previous years	-	3,200
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	457	457
<b>Historical cost profit on ordinary activities before taxation</b>	<u>554,118</u>	<u>640,133</u>
<b>Historical cost profit for the year retained after taxation, extraordinary items and dividends</b>	<u>423,089</u>	<u>469,505</u>

# ABLE UK LIMITED


## ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	2006		2005	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	6,259,733		6,188,344	
Investments	8	475,390		477,640	
		<u>6,735,123</u>		<u>6,665,984</u>	
<b>Current assets</b>					
Stocks	9	1,310,250		1,428,246	
Debtors	10	9,376,360		9,387,077	
Cash at bank and in hand		1,733,399		1,782,140	
		<u>12,420,009</u>		<u>12,597,463</u>	
<b>Creditors, amounts falling due within one year</b>	11	<u>(5,438,987)</u>		<u>(5,911,215)</u>	
<b>Net current assets</b>		<u>6,981,022</u>		<u>6,686,248</u>	
<b>Total assets less current liabilities</b>		13,716,145		13,352,232	
<b>Provisions for liabilities</b>	12	(11,248,521)		(11,215,991)	
<b>Accruals and deferred income</b>	13	<u>(301,723)</u>		<u>(388,389)</u>	
		<u>2,165,901</u>		<u>1,747,852</u>	
<b>Capital and reserves</b>					
Called up share capital	15	10,000		10,000	
Revaluation reserve	16	778,483		783,523	
Profit and loss account	16	1,377,418		954,329	
<b>Shareholders' funds</b>	17	<u>2,165,901</u>		<u>1,747,852</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

Approved by the Board and authorised for issue on 27th March 2008

  
Mr P M Stephenson  
Director

# ABLE UK LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	£	2006 £	£	2005 £
<b>Net cash inflow (outflow) from operating activities</b>		293,340		(77,310)
<b>Returns on investments and servicing of finance</b>				
Interest received	153,828		172,869	
Interest paid	(4,105)		(67,531)	
Dividends received	17,471		18,840	
	<u>          </u>		<u>          </u>	
<b>Net cash inflow for returns on investments and servicing of finance</b>		167,194		124,178
<b>Taxation</b>		-		(725,459)
<b>Capital expenditure and financial investment</b>				
Parent company loan	-		143,349	
Payments to acquire tangible assets	(590,275)		(675,861)	
Receipts from sales of tangible assets	81,000		-	
Receipts from sales of investments	-		27,600	
	<u>          </u>		<u>          </u>	
<b>Net cash outflow for capital expenditure and financial investment</b>		(509,275)		(504,912)
<b>(Decrease) in cash in the year</b>		<u><u>(48,741)</u></u>		<u><u>(1,183,503)</u></u>

# ABLE UK LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

1 Reconciliation of operating profit to net cash inflow from operating activities	2006	2005
	£	£
Operating profit	380,029	447,882
Depreciation of tangible assets	469,976	368,539
Profit on disposal of tangible assets	(32,090)	-
Decrease/(increase) in stocks	117,996	(1,205,417)
Decrease/(increase) in debtors	10,717	(946,347)
(Decrease)/Increase in creditors within one year	(653,288)	1,258,033
<b>Net cash inflow from operating activities</b>	<u>293,340</u>	<u>(77,310)</u>

2 Analysis of net funds	1 January 2006	Cash flow	Other non-cash changes	31 December 2006
	£	£	£	£
Net cash				
Cash at bank and in hand	1,782,140	(48,741)	-	1,733,399
<b>Net funds</b>	<u>1,782,140</u>	<u>(48,741)</u>	<u>-</u>	<u>1,733,399</u>

3 Reconciliation of net cash flow to movement in net funds	2006	2005
	£	£
Decrease in cash in the year	(48,741)	(1,183,503)
<b>Movement in net funds in the year</b>	(48,741)	(1,183,503)
Opening net funds	1,782,140	2,965,643
<b>Closing net funds</b>	<u>1,733,399</u>	<u>1,782,140</u>

# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

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### 1 Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

The effects of events in relation to the period ended 31 December 2006 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 2006 and of the results for the period ended on that date

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.3 Turnover and profits

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Freehold buildings	2 38% per annum of cost or revalued amount
Plant and machinery	14 - 47% per annum of cost
Computer equipment	33 33% per annum of cost
Motor vehicles	25% per annum of cost

Revaluation gains are recognised in the statement of total recognised gains and losses and taken directly to the revaluation reserve. Revaluation losses are similarly recognised to the extent they reverse previous revaluation gains thereafter they are recognised in the profit and loss account

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account

#### 1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### 1.6 Investments

Fixed asset investments are stated at market value. Revaluation gains are recognised in the statement of total recognised gains and losses and taken directly to the revaluation reserve. Revaluation losses are similarly recognised to the extent they reverse previous revaluation gains thereafter they are recognised in the profit and loss account

# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

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### 1 Accounting policies (continued)

#### 1 7 Stock and work in progress

Stocks have been valued at the lower of cost and net realisable value, cost being incurred in bringing the stock to its present location and condition and net realisable value being based on estimated selling price less further costs expected to be incurred in completion and disposal, as follows

Raw materials and consumables - purchase cost on a first in, first out basis

Work in progress - cost of direct materials and labour plus attributable overheads based on the normal level of activity

#### 1 8 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account

#### 1 9 Pensions

Although it has no obligation to do so the company periodically contributes to pension schemes of directors and employees. The amount charged to the profit and loss account in respect of pension costs is the amount payable in the year.

#### 1 10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

#### 1 11 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred

#### 1 12 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Able UK Holdings Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company

#### 1 13 Deferred income

Deferred income is matched with expenditure to which it relates, and is recognised in the profit and loss account in the period in which such expenditure is written off



# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

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<b>2</b>	<b>Operating profit</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging		
	Depreciation of tangible assets	469,976	368,539
	Operating lease rentals	(122,974)	2,390,167
	Auditors' remuneration (including expenses and benefits in kind)	15,000	12,000
	and after crediting		
	Government grants	75,000	75,000
	Profit on disposal of tangible assets	(32,090)	-
		<u>          </u>	<u>          </u>
	The net operating lease credit of £122,974 comprises rentals payable of £844,519 less a credit of £967,493		
<b>3</b>	<b>Investment income</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Income from fixed asset investments	17,471	25,853
	Bank interest	87,817	107,969
	Other interest	66,011	64,900
		<u>          </u>	<u>          </u>
		171,299	198,722
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Amounts written back on investments</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Amounts written off investments in prior years written back	(2,333)	(10,508)
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Other interest	-	20,636
		<u>          </u>	<u>          </u>

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# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

6 Taxation	2006	2005
	£	£
<b>Domestic current year tax</b>		
U K corporation tax	98,499	-
Adjustment for prior years	-	(7,548)
Group relief	-	161,793
	<u>98,499</u>	<u>154,245</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	32,530	16,383
	<u>131,029</u>	<u>170,628</u>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	553,661	636,476
	<u>553,661</u>	<u>636,476</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%)	166,098	190,943
	<u>166,098</u>	<u>190,943</u>
Effects of		
Income not taxable or already taxed	(28,191)	(30,099)
Capital allowances for year in excess of depreciation	(9,893)	6,256
Adjustments to previous periods	-	(7,548)
Marginal relief	(29,515)	(5,307)
	<u>(67,599)</u>	<u>(36,698)</u>
<b>Current tax charge</b>	<u>98,499</u>	<u>154,245</u>

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold without rollover relief becoming available.

The amounts not provided for are as follows

	2006	2005
	£	£
Postponed chargeable gains on eventual sale of tangible fixed assets	<u>215,651</u>	<u>215,789</u>

# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 7 Tangible fixed assets

	Freehold buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 January 2006	5,000,000	2,608,320	35,662	71,363	7,715,345
Additions	-	590,275	-	-	590,275
Disposals	-	(177,500)	-	-	(177,500)
At 31 December 2006	5,000,000	3,021,095	35,662	71,363	8,128,120
<b>Depreciation</b>					
At 1 January 2006	148,750	1,308,475	33,823	35,953	1,527,001
On disposals	-	(128,590)	-	-	(128,590)
Charge for the year	119,000	334,244	1,835	14,897	469,976
At 31 December 2006	267,750	1,514,129	35,658	50,850	1,868,387
<b>Net book value</b>					
At 31 December 2006	4,732,250	1,506,966	4	20,513	6,259,733
At 31 December 2005	4,851,250	1,299,845	1,839	35,410	6,188,344

Property was revalued on the basis of Depreciated Replacement Cost in August 2004 by Gerald Eve, Chartered Surveyors and Property Consultants

#### Comparable historical cost for the land and buildings included at valuation:

	£
<b>Cost</b>	
At 1 January 2006 & at 31 December 2006	5,280,792
<b>Depreciation based on cost</b>	
At 1 January 2006	1,148,837
Charge for the year	118,543
At 31 December 2006	1,267,380
<b>Net book value</b>	
At 31 December 2006	4,013,412
At 31 December 2005	4,131,955

# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 8 Fixed asset investments

	Listed investments £	Shares in group undertakings £	Total £
<b>Cost or valuation</b>			
At 1 January 2006	492,377	1	492,378
Revaluation	(4,583)	-	(4,583)
At 31 December 2006	<u>487,794</u>	<u>1</u>	<u>487,795</u>
<b>Provisions for diminution in value</b>			
At 1 January 2006	14,738	-	14,738
Charge for the year	(2,333)	-	(2,333)
At 31 December 2006	<u>12,405</u>	<u>-</u>	<u>12,405</u>
<b>Net book value</b>			
At 31 December 2006	<u>475,389</u>	<u>1</u>	<u>475,390</u>
At 31 December 2005	<u>477,639</u>	<u>1</u>	<u>477,640</u>

The company is the member of Post - Service Remediation Partners LLC. This entity is a single member Limited Liability Company established in the USA. At 31 December 2006 its reserves were £- and its profit for the year was £-

Listed investments are valued at their mid market price at the balance sheet date. The net book value of listed investments on the historical cost basis was £415,744 (2005 £413,411)

### 9 Stocks and work in progress

	2006 £	2005 £
Raw materials and consumables	234,037	453,560
Work in progress	159,728	58,201
Long term contract balances	916,485	916,485
- Net cost less foreseeable losses	<u>916,485</u>	<u>916,485</u>
	<u>1,310,250</u>	<u>1,428,246</u>

# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

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10 Debtors	2006	2005
	£	£
Trade debtors	2,654,554	2,409,072
Amounts recoverable on long term contracts	190,460	344,000
Amounts owed by parent and fellow subsidiary undertakings	6,202,671	6,202,671
Other debtors	902	107,241
Prepayments and accrued income	327,773	324,093
	<u>9,376,360</u>	<u>9,387,077</u>

11 Creditors: amounts falling due within one year	2006	2005
	£	£
Payments received on account	997,207	1,007,223
Trade creditors	3,647,906	4,359,168
Corporation tax	328,996	230,496
Other taxes and social security costs	316,025	81,270
Directors' current accounts	24	7,081
Accruals and deferred income	148,829	225,977
	<u>5,438,987</u>	<u>5,911,215</u>

# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 12 Provisions for liabilities

	Deferred tax liability £	Other £	Total £
Balance at 1 January 2006 - as restated	1,215,991	10,000,000	11,215,991
Profit and loss account	32,530	-	32,530
	<u>1,248,521</u>	<u>10,000,000</u>	<u>11,248,521</u>
Balance at 31 December 2006	<u>1,248,521</u>	<u>10,000,000</u>	<u>11,248,521</u>

A provision of £10million was made by the company in its accounts for the year ended 31st December 2000 in respect of a possible obligation on land HM Revenue & Customs has enquired into the circumstances relating to the provision and currently contends that this amount should have been liable to tax in either that or following accounting periods. The company disagrees with the view taken by HM Revenue & Customs and believes that the accounting treatment is correct. If HM Revenue & Customs is wholly successful in its arguments, a maximum tax liability of £3million would crystallise plus possible interest and penalties, the amount of which cannot be quantified with reasonable certainty at this present time.

#### The deferred tax liability is made up as follows:

	2006 £	2005 £
Accelerated capital allowances	<u>1,248,521</u>	<u>1,215,991</u>

### 13 Accruals and deferred income

	2006 £	2005 £
Deferred government grants	18,800	93,800
Accruals and deferred income	282,923	294,589
	<u>301,723</u>	<u>388,389</u>

# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 14 Pension costs

#### Defined contribution

	2006 £	2005 £
Contributions payable by the company for the year	<u>6,960</u>	<u>105,724</u>

### 15 Share capital

	2006 £	2005 £
<b>Authorised</b> 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called up and fully paid</b> 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

### 16 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2006	783,523	954,329
Profit for the year	-	422,632
Revaluation during the year	(4,583)	-
Depreciation written back	(457)	457
Balance at 31 December 2006	<u>778,483</u>	<u>1,377,418</u>

The revaluation reserve closing balance comprises

	£
Surplus on revaluation of property	718,838
Surplus on revaluation of investments	59,645
	<u>778,483</u>

# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

<b>17 Reconciliation of movements in shareholders' funds</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	422,632	465,848
Other recognised gains and losses	(4,583)	41,492
Net addition to shareholders' funds	418,049	507,340
Opening shareholders' funds	1,747,852	1,240,512
Closing shareholders' funds	2,165,901	1,747,852

### 18 Contingent liabilities

The company's bankers hold a debenture over the whole assets of the company for all sums due, and they also hold a cross guarantee between the company and its parent, Able UK Holdings Limited. The company was not indebted to its bankers at the balance sheet date.

### 19 Financial commitments

At 31 December 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2007

	<b>Land and buildings</b>	
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Operating leases which expire		
Within one year	700,000	366,017
Between two and five years	-	1,230,000
	700,000	1,596,017

<b>20 Directors' emoluments</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	139,287	142,274
Company pension contributions to money purchase schemes	1,480	101,480
	140,767	243,754

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2005 - 2)



# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

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### 21 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Management and administration	26	31
Production	85	96
	<u>111</u>	<u>127</u>

#### Employment costs

	2006 £	2005 £
Wages and salaries	3,611,116	3,314,050
Social security costs	317,725	344,762
Other pension costs	6,960	105,724
	<u>3,935,801</u>	<u>3,764,536</u>

### 22 Control

As in the previous year the company is ultimately controlled by Mr P M Stephenson, director, by virtue of his shareholding in the parent company

The immediate and ultimate parent company is Able UK Holdings Limited, a company registered in Great Britain

# ABLE UK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

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### 23 Related party transactions

The company's immediate and ultimate parent undertaking is Able UK Holdings Limited, a company registered in England and Wales. The company has taken advantage of the exemption available to it under FRS 8 because the consolidated accounts in which the company is included are available from the parent company's registered office.

Able House  
Billingham Reach Industrial Estate  
Billingham  
TS23 1PX

During the previous year the parent company transferred land and buildings into a settlement known as the Able UK Limited Employee Benefit Trust, established for the purpose of providing benefits for the employees and dependents of Able UK Limited.

Rent payable during the year in respect of land and buildings amounted to £794,519 (2005 £2,370,164). The company received a rent refund during the year of £967,493, resulting in a net credit to operating profit of £122,974 as disclosed in note 2.

Amounts recoverable on contracts comprised £190,460 (2005 £344,000) and, although costs were much greater, with the licence position as yet unclear, work in progress includes only £916,485 (2005 £916,485) recoverable from Post - Service Remediation Partners LLC, a subsidiary undertaking. The reduction in amounts recoverable on contracts during the year comprises the exchange rate loss arising during the year of £153,540.

### 24 Post balance sheet events

The company obtained its planning permission for ship recycling in November 2007 and is due to receive its Waste Management Licence in 2008, which will allow the ship recycling operation to finally commence. For this reason, the directors believe that it is commercially appropriate to recognise the amounts disclosed in the last paragraph of note 23 above in the financial statements.