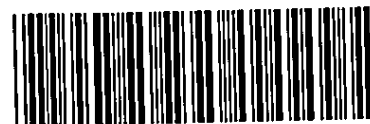


CORROCOAT CORROSIONEERING LIMITED

**Directors' report and
audited financial statements
for the year ended 30 June 2008**

Buckle Barton Montpelier
Montpelier Professional (Leeds) Limited
Sanderson House
Station Road
Horsforth
Leeds
LS18 5NT

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COMPANIES HOUSE

CORROCOAT CORROSIONEERING LIMITED

30 JUNE 2008

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CORROCOAT CORROSIONEERING LIMITED30 JUNE 2008OFFICERS AND COMPANY INFORMATION

DIRECTORS:

C J Watkinson
C A Harper
G D Greenwood -Sole
P Watkinson
N Riley

COMPANY SECRETARY:

C A Harper

AUDITORS:

Montpelier Audit Limited
Sanderson House
Station Road
Horsforth
Leeds
LS18 5NT

BANKERS:

Yorkshire Bank Plc
94 Albion Street
Leeds
LS1 6AG

SOLICITORS:

Hammonds
2 Park Lane
Leeds
LS3 1ES

REGISTERED OFFICE:

Forster Street
Leeds
LS10 1PW

CORROCOAT CORROSIONEERING LIMITED30 JUNE 2008DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 30 June 2008.

STATEMENT OF 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.

Company law requires 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, directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

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.

Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:

- there is no relevant audit information of which the company's group's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year was corrosion and mechanical engineering of critical plant and equipment in major industries throughout the United Kingdom and is unchanged since the previous year.

The results for the year are set out in the profit and loss account on page 5.

DIVIDENDS

The directors recommend that no dividend be paid.

FIXED ASSETS

The movements in fixed assets during the year are set out in note 10 to the accounts.

CORROCOAT CORROSIONEERING LIMITED30 JUNE 2008DIRECTORS' REPORT*DIRECTORS WHO SERVED DURING THE YEAR*

The following directors served during the year ended 30 June 2008:

C J Watkinson
C A Harper
G D Greenwood-Sole
P Watkinson
N Riley

FUTURE DEVELOPMENTS

The directors anticipate that the company will continue to develop its established activities.

CHARITABLE DONATIONS

During the year the company made donations to charities of £546 (2007 : £230).

AUDITORS

Buckle Barton incorporated their practice as Montpelier Audit Limited. As a result of this change Buckle Barton resigned as auditors and Montpelier Audit Limited were appointed in their stead. Montpelier Audit Limited have signified their willingness to continue in office. A resolution to re-appoint them will be put to the members at the annual general meeting.

ON BEHALF OF THE BOARD



C A HARPER
Director

Dated:

21st April 2009

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CORROCOAT CORROSIONEERING LIMITED

We have audited the financial statements of Corrocoat Corrosioneering Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared 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 s235 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

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 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.

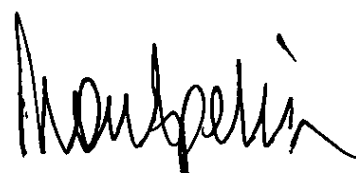
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 30 June 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Sanderson House
Station Road
Horsforth
Leeds
LS18 5NT



MONTPELIER AUDIT LIMITED
Registered Auditors and Chartered Accountants

Dated: 21 April 2009


CORROCOAT CORROSIONEERING LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30 JUNE 2008

		<u>2008</u>	<u>2007</u>
	Notes	£	£
TURNOVER	2	4,006,215	3,690,703
Cost of sales		(2,822,261)	(2,605,872)
GROSS PROFIT		1,183,954	1,084,831
Net operating expenses	3 & 4	(857,516)	(926,349)
OPERATING PROFIT	5 & 6	326,438	158,482
Interest payable and similar charges	7	(50,410)	(38,757)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		276,028	119,725
Tax on profit on ordinary activities	8	(69,796)	-
PROFIT FOR THE FINANCIAL YEAR	17	206,232	119,725

In both the years ended 30 June 2008 and 30 June 2007, the only gain recognised by the company was the profit or loss for the year. All of the activities undertaken by the company were continuing activities and there were no differences between the reported loss and that arising under the historical cost convention.

CORROCOAT CORROSIONEERING LIMITEDBALANCE SHEET30 JUNE 2008

		<u>2008</u>	<u>2007</u>
	Notes	£	£
FIXED ASSETS			
Tangible assets	9	253,594	161,553
CURRENT ASSETS			
Stocks	10	431,667	397,255
Debtors	11	1,088,796	1,046,836
Cash at bank and in hand		3,019	212,862
		1,523,482	1,656,953
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(990,506)	(762,018)
NET CURRENT ASSETS		532,976	894,935
TOTAL ASSETS LESS CURRENT LIABILITIES		786,570	1,056,488
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(380,238)	(868,888)
PROVISION FOR LIABILITIES AND CHARGES	14	(12,500)	-
NET ASSETS		393,832	187,600
CAPITAL AND RESERVES			
Called up share capital	15	600,000	600,000
Share premium account	16	326,000	326,000
Profit and loss account (adverse)	16	(532,168)	(738,400)
EQUITY SHAREHOLDERS' FUNDS	17	393,832	187,600



C A HARRER
Director

Dated:

21st. April 2009

CORROCOAT CORROSIONEERING LIMITED

NOTES TO THE ACCOUNTS

30 JUNE 2008

1. *ACCOUNTING POLICIES*

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets, at the following rates on the bases stated:

Plant and machinery	16.6% p.a. on cost
Motor vehicles	25% p.a. on cost
Office equipment	Over 1 to 6 years
Tooling	50% p.a. on cost

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is the amount incurred in bringing each product to its present location and condition as follows:

Raw materials - 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.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Fixed assets

All fixed assets are stated at cost less accumulated depreciation.

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Pension funds

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the profit and loss account.

Cash flow

The company's ultimate parent company is Corrosioneering Group Limited and its cash flow is included in the consolidated group cash flow statement. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

CORROCOAT CORROSIONEERING LIMITEDNOTES TO THE ACCOUNTS30 JUNE 20082. *TURNOVER*

Turnover represents amounts receivable in respect of goods sold and services provided, stated net of value added tax and relates entirely to the company's principal activity. The geographical analysis of turnover is as follows:-

	<u>2008</u>	<u>2007</u>
	£000	£000
UK	3,418	3,525
Europe	501	65
Asia	78	36
America	5	24
Australia	4	40
	<hr/>	<hr/>
	4,006	3,690
	<hr/>	<hr/>

3. *NET OPERATING EXPENSES*

	£	£
Selling and distribution costs	281,581	232,186
Administrative costs	589,872	698,335
Less: other operating income	(13,937)	(4,172)
	<hr/>	<hr/>
	857,516	926,349
	<hr/>	<hr/>

4. *EXCEPTIONAL ITEMS*

Administrative expenses includes the following exceptional items:

Warranty work	-	7,130
Insurance claim not settled in full	-	23,522
Refurbishment of crane	-	14,502
	<hr/>	<hr/>
	-	45,154
	<hr/>	<hr/>

CORROCOAT CORROSIONEERING LIMITEDNOTES TO THE ACCOUNTS30 JUNE 2008

	<u>2008</u>	<u>2007</u>
	£	£
5. <i>OPERATING PROFIT</i>		
This is stated after charging:		
Depreciation of owned assets	64,444	47,279
Auditors remuneration	5,342	5,596
	<hr/>	<hr/>
And after crediting:		
Profit on sale of fixed assets	9,018	4,172
	<hr/>	<hr/>
6. <i>DIRECTORS AND EMPLOYEES</i>		
Staff costs during the year were as follows:		
Wages and salaries	1,221,342	1,181,207
Social security costs	94,520	86,733
Other pension costs	37,879	33,949
	<hr/>	<hr/>
	1,353,741	1,301,889
	<hr/>	<hr/>
The average number of persons employed by the company during the year were as follows:		
	No.	No.
Production	50	52
Selling and distribution	7	6
Administration	2	2
	<hr/>	<hr/>
	59	60
	<hr/>	<hr/>
Remuneration in respect of directors was as follows:	£	£
Management remuneration including benefits	65,684	65,859
Pension contributions	1,290	1,200
	<hr/>	<hr/>
	66,974	67,059
	<hr/>	<hr/>
The number of directors receiving benefits under a defined contribution scheme during the year was 1 (2007: 1).		

CORROCOAT CORROSIONEERING LIMITEDNOTES TO THE ACCOUNTS30 JUNE 2008

	<u>2008</u>	<u>2007</u>
	£	£
7. <i>INTEREST PAYABLE AND SIMILAR CHARGES</i>		
On bank loans, overdrafts and other loans	4,497	3,353
Interest payable to group undertakings	45,913	35,399
	<hr/>	<hr/>
	50,410	38,752
	<hr/>	<hr/>

8. *TAX ON PROFIT ON ORDINARY ACTIVITIES*

The tax charge is based on the loss for the year and represents:

UK corporation tax:

Charge for the year at 29% (2007 : 0%)

Deferred tax

57,296 -

12,500 -

69,796 -

There are tax losses available to carry forward of approximately £Nil (2007 : £41,000).

TAX RECONCILIATION

The tax assessed for the year does not reflect a credit equivalent to the loss on ordinary activities multiplied by the standard rate of corporation tax of 30%. The differences are explained below:

	<u>2008</u>	<u>2007</u>
	£	£
Profit on ordinary activities before taxation	276,028	119,725
	<hr/>	<hr/>
Tax charge at 30%/19%	82,808	22,932
Depreciation in advance of capital allowances	(10,176)	(21,912)
Expenses not deductible for tax purposes	314	603
Change in rate of deferred tax provision	(3,150)	(1,622)
Other differences	-	(1)
	<hr/>	<hr/>
Tax charge per accounts	69,796	-
	<hr/>	<hr/>

CORROCOAT CORROSIONEERING LIMITEDNOTES TO THE ACCOUNTS30 JUNE 20089. *TANGIBLE FIXED ASSETS*

	Plant & Machinery	Tooling	Motor vehicles	Office equipment	Total
	£	£	£	£	£
Cost or valuation:					
At 1 July 2007	640,456	6,232	148,914	13,185	808,787
Additions	82,994	-	72,930	1,901	157,825
Disposals	(1,121)	-	(52,215)	-	(53,336)
At 30 June 2008	722,329	6,232	169,629	15,086	913,276
Depreciation:					
At 1 July 2007	546,126	6,232	90,146	4,730	647,234
Provided in the year	20,635	-	35,354	8,455	64,444
Disposals	-	-	(51,996)	-	(51,996)
At 30 June 2008	566,761	6,232	73,504	13,185	659,682
Net book value:					
At 30 June 2008	155,568	-	96,125	1,901	253,594
Net book value:					
At 30 June 2007	94,330	-	58,768	8,455	161,553

There were no capital commitments, either authorised or contracted for, at the balance sheet date.

CORROCOAT CORROSIONEERING LIMITEDNOTES TO THE ACCOUNTS30 JUNE 2008

		<u>2008</u>	<u>2007</u>
		£	£
10.	STOCKS		
	Raw materials	106,124	85,345
	Work in progress	325,543	311,910
		<hr/>	<hr/>
		431,667	397,255
		<hr/>	<hr/>
11.	DEBTORS		
	Due within one year:		
	Trade debtors	905,653	843,040
	Amounts owed by group undertakings and fellow subsidiary undertakings	19,934	103,617
	Amounts owed by connected undertaking	-	7,304
	Prepayments and accrued income	163,209	92,875
		<hr/>	<hr/>
		1,088,796	1,046,836
		<hr/>	<hr/>
12.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	Bank overdraft	238,419	-
	Trade creditors	319,653	536,590
	Amounts owed to group undertakings and fellow subsidiary undertakings	57,243	19,150
	Corporation tax	57,299	3
	Other taxes and social security costs	90,502	43,382
	Other creditors	46,940	13,460
	Accruals and deferred income	180,450	149,433
		<hr/>	<hr/>
		990,506	762,018
		<hr/>	<hr/>

CORROCOAT CORROSIONEERING LIMITEDNOTES TO THE ACCOUNTS30 JUNE 2008

	<u>2008</u>	<u>2007</u>
	£	£
13. <i>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</i>		
Other creditors	9,878	-
Amounts owed to parent company	370,360	868,888
	<u>380,238</u>	<u>868,888</u>
14. <i>PROVISION FOR LIABILITIES AND CHARGES</i>		
Deferred taxation:		
Capital allowances in advance of depreciation	12,500	-
	<u>12,500</u>	<u>-</u>
15. <i>CALLED UP SHARE CAPITAL</i>		
Authorised:		
975,000 'A' ordinary shares of £1 each	975,000	975,000
25,000 'B' ordinary shares of £1 each	25,000	25,000
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid:		
575,000 'A' Ordinary shares of £1 each	575,000	575,000
25,000 'B' Ordinary shares of £1 each	25,000	25,000
	<u>600,000</u>	<u>600,000</u>
The 'A' and 'B' shares rank pari passu in all aspects.		
16. <i>SHARE PREMIUM ACCOUNT AND RESERVES</i>		
	Share premium account	Profit and loss account
	£	£
Retained reserves at 1 July 2007	326,000	(738,400)
Retained profit for the year	-	206,232
	<u>326,000</u>	<u>(532,168)</u>
At 30 June 2008	<u>326,000</u>	<u>(532,168)</u>

CORROCOAT CORROSIONEERING LIMITEDNOTES TO THE ACCOUNTS30 JUNE 2008

	<u>2008</u>	<u>2007</u>
	£	£
17. <i>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</i>		
Profit for the financial year	206,232	119,725
	<hr/>	<hr/>
Net increase in shareholders' funds	206,232	119,725
Shareholders' funds at 1 July 2007	187,600	67,875
	<hr/>	<hr/>
Shareholders' funds at 30 June 2008	393,832	187,600
	<hr/>	<hr/>

18. *ULTIMATE PARENT UNDERTAKING*

The ultimate parent undertaking of this company is Corrosioneering Group Limited which is registered in England and Wales.

Corrocoat Limited, the immediate parent undertaking of this company, is this company's controlling related party. The ultimate controlling related party is Corrosioneering Group Limited as a result of its shareholding in Corrocoat Limited.

The only group of undertakings for which group accounts have been drawn up is that headed by Corrosioneering Group Limited, registered in England and Wales.

19. *RELATED PARTY TRANSACTIONS*

During the year the company made sales to Glassflake Limited, a company under common ownership, of £85,836 (2007 : £42,889). There was no amount owed by Glassflake Limited at 30 June 2008.

As a wholly owned subsidiary of Corrocoat Limited, itself a wholly owned subsidiary of Corrosioneering Group Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Corrosioneering Group Limited.