

Company Registration No. 2386356 (England and Wales)

ABLE UK LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

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ABLE UK LIMITED

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ABLE UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities and review of the business

The principal activity of the company falls into the following areas:

- Property development and management
- Disposal of redundant marine structures including ships
- Waste disposal
- Asbestos removal and 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.

The principal activity of the subsidiary is the disposal of redundant ships.

As with last year, the result achieved would have been significantly higher if the ship recycling related (formally approved) waste management licence had not been rescinded by the Environmental Agency and, similarly, certain planning permissions rescinded by Hartlepool Borough Council in response to legal challenge by, in particular, *Friends of the Earth*. The directors and business have had to continue to considerably focus on again obtaining a new Environmental Impact statement, planning permission and waste management licence and, against this background, are therefore satisfied with the profits that have indeed been achieved.

Results and dividends

The results for the year are set out on page 5.

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.

Post balance sheet events

The company is party to a contract to undertake the dismantling and disposal of redundant ships, and it has been trying for two years to obtain the necessary permits and licences to enable this contract to be fulfilled. In the financial year under review, and in the post balance sheet date period, the company made significant progress in obtaining the necessary permits and licences. However, even with the Officers of the Hartlepool Borough Council recommending approval in recognition of the significant employment potential and economic gain for the local area, the Council rejected the Application late 2006.

The company is going to appeal against this decision (and with the Council ignoring their own Officer's recommendation the costs will likely fully need to be borne by the Council) and the company also intend to submit a new application. One way or the other, the directors remain extremely confident that the company will ultimately cease being thwarted and the application succeed.

ABLE UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Directors

The following directors have held office since 1 January 2005:

Mr P M Stephenson
Miss R Stephenson

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
Mr P M Stephenson	-	-
Miss R Stephenson	-	-

The immediate and ultimate parent company is Able UK Holdings Limited.

The interests of the directors in the shares of the parent company are as follows:

	Ordinary shares of £1 each	
	31 December 2005	1 January 2005
Mr P M Stephenson	9,000	9,000
Miss R Stephenson	1,000	1,000

Charitable donations	2005	2004
	£	£

During the year the company made the following payments:

Charitable donations	695	-
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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.

ABLE UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Directors' responsibilities

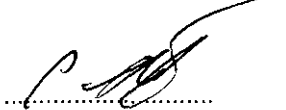
The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

On behalf of the board



.....
Mr P M Stephenson

Director

11th February 2007

ABLE UK LIMITED

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

We have examined the abbreviated accounts set out on pages 5 to 22, together with the financial statements of Able UK Limited for the year ended 31 December 2005 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 audit 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.

HLB Vantis Audit plc

.....
HLB Vantis Audit plc

Chartered Accountants and Registered Auditors
New Exchange Buildings
Queen's Square
Middlesbrough
TS2 1AA

Date:.....

28 February 2007.

ABLE UK LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Gross profit		1,746,504	569,625
Administrative expenses		(1,298,622)	(234,983)
Operating profit	2	447,882	334,642
Profit on sale of fixed assets	2	-	328,720
Profit on ordinary activities before interest		447,882	663,362
Investment income	3	25,853	2,348
Other interest receivable and similar income		172,869	28,207
Amounts written off investments	4	10,508	-
Interest payable and similar charges	5	(20,636)	(5,800)
Profit on ordinary activities before taxation		636,476	688,117
Tax on profit on ordinary activities	6	(170,628)	(206,880)
Profit for the year	16	465,848	481,237

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

The company commenced trading on 19 October 2004 following a group reorganisation. The comparative figures represent activity from that date to 31 December 2004.

ABLE UK LIMITED

ABBREVIATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 £	2004 £
Profit for the financial year	465,848	481,237
Unrealised surplus on revaluation of investments	41,492	5,600
Total recognised gains and losses relating to the year	<u>507,340</u>	<u>486,837</u>

Note of historical cost profits and losses

	2005 £	2004 £
Reported profit on ordinary activities before taxation	636,476	688,117
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	3,587
Historical cost profit on ordinary activities before taxation	<u>640,133</u>	<u>691,704</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>469,505</u>	<u>484,824</u>

ABLE UK LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005		2004	
		£	£	£	£
Fixed assets					
Tangible assets	7		6,188,344		5,881,022
Investments	8		477,640		446,226
			<u>6,665,984</u>		<u>6,327,248</u>
Current assets					
Stocks	9	1,428,246		222,829	
Debtors	10	9,387,077		8,584,079	
Cash at bank and in hand		1,782,140		2,965,643	
		<u>12,597,463</u>		<u>11,772,551</u>	
Creditors: amounts falling due within one year	11	<u>(5,911,215)</u>		<u>(5,120,306)</u>	
Net current assets			<u>6,686,248</u>		<u>6,652,245</u>
Total assets less current liabilities			13,352,232		12,979,493
Provisions for liabilities	12		(11,215,991)		(11,199,608)
Accruals and deferred income	13		(388,389)		(539,373)
			<u>1,747,852</u>		<u>1,240,512</u>
Capital and reserves					
Called up share capital	15		10,000		10,000
Revaluation reserve	16		783,523		745,688
Profit and loss account	16		954,329		484,824
Shareholders' funds	17		<u>1,747,852</u>		<u>1,240,512</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 14th February 2007


.....
Mr P M Stephenson
Director

ABLE UK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	£	£
Net cash inflow/(outflow) from operating activities	(77,310)	581,390
Returns on investments and servicing of finance		
Interest received	172,869	28,207
Interest paid	(67,531)	-
Dividends received	18,840	2,348
Net cash inflow for returns on investments and servicing of finance	124,178	30,555
Taxation	(725,459)	-
Capital expenditure and financial investment		
Payments to acquire tangible assets	(675,861)	(19,943)
Receipts from sales of tangible assets	-	443,766
Receipts from sales of investments	27,600	-
Net cash inflow for capital expenditure	(648,261)	423,823
Net cash outflow before management of liquid resources and financing	(1,326,852)	1,035,768
Management of liquid resources		
Parent company loan	143,349	1,929,875
(Decrease) increase in cash in the year	<u>(1,183,503)</u>	<u>2,965,643</u>

ABLE UK LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

1	Reconciliation of operating profit to net cash outflow from operating activities		2005	2004	
			£	£	
	Operating profit		447,882	334,642	
	Depreciation of tangible assets		368,539	74,508	
	Increase in stocks		(1,205,417)	105,034	
	(Increase)/decrease in debtors		(946,347)	941,832	
	Increase/(decrease) in creditors within one year		1,258,003	(657,653)	
	(Decrease) in provisions		-	(216,973)	
	Net cash outflow from operating activities		<u>(77,310)</u>	<u>581,390</u>	
2	Analysis of net funds	1 January 2005	Cash flow	Other non-cash changes	31 December 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,965,643	(1,183,503)	-	1,782,140
	Amount owed by parent company	6,346,020	(143,349)	-	6,202,671
	Net funds	<u>9,311,663</u>	<u>(1,326,852)</u>	<u>-</u>	<u>7,984,811</u>
3	Reconciliation of net cash flow to movement in net funds		2005	2004	
			£	£	
	(Decrease)/increase in cash in the year		(1,183,503)	2,965,643	
	Cash outflow from increase in liquid resources		(143,349)	(1,929,875)	
	Non cash assets less liabilities hived down from parent		-	8,265,895	
	Movement in net funds in the year		<u>(1,326,852)</u>	<u>9,301,663</u>	
	Opening net funds		9,311,663	10,000	
	Closing net funds		<u>7,984,811</u>	<u>9,311,663</u>	

ABLE UK LIMITED

NOTES TO THE CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Details of the assets and liabilities hived down in 2004 from the parent company, Able UK Holdings Limited, are as follows:

	£
Fixed assets	6,491,257
Stock	327,863
Debtors	3,179,891
Cash and bank	1,345,938
Liabilities	(17,521,231)
Revaluation reserve	(743,675)
	<hr/>
Total	(6,919,957)
	<hr/> <hr/>
Consisting of:	
Cash and bank	1,345,938
Non cash assets and liabilities	(8,265,895)
	<hr/>
Total	(6,919,957)
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ABLE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

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 2005 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 2005 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

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.

ABLE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

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 2005

2	Operating profit	2005	2004
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	368,539	74,508
	Operating lease rentals	2,390,167	383,858
	Auditors' remuneration	12,000	5,666
	and after crediting:		
	Government grants	75,000	15,625
		<u> </u>	<u> </u>
3	Investment income	2005	2004
		£	£
	Income from fixed asset investments	25,853	2,348
	Bank interest	107,969	28,207
	Other interest	64,900	-
		<u> </u>	<u> </u>
		198,722	30,555
		<u> </u>	<u> </u>
4	Amounts written back on investments	2005	2004
		£	£
	Amounts written off investments in prior years written back	(10,508)	-
		<u> </u>	<u> </u>
5	Interest payable	2005	2004
		£	£
	Other interest	20,636	5,800
		<u> </u>	<u> </u>

ABLE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

6 Taxation	2005	2004
	£	£
Domestic current year tax		
U.K. corporation tax	-	50,958
Adjustment for prior years	(7,548)	-
Payment in respect of group relief	161,793	61,212
Current tax charge	<u>154,245</u>	<u>112,170</u>
Deferred tax		
Origination and reversal of timing differences	16,383	94,710
	<u>170,628</u>	<u>206,880</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>636,476</u>	<u>688,117</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 30.00%)	<u>190,943</u>	<u>206,435</u>
Effects of:		
Income not taxable or already taxed	(30,099)	(5,392)
Capital allowances for year in excess of depreciation	6,256	(88,873)
Adjustments to previous periods	(7,548)	-
Chargeable disposals	(5,307)	-
	<u>(36,698)</u>	<u>(94,265)</u>
Current tax charge	<u>154,245</u>	<u>112,170</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:

	2005	2004
	£	£
Postponed chargeable gains on eventual sale of tangible fixed assets	<u>215,789</u>	<u>215,926</u>

ABLE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

7 Tangible fixed assets

	Freehold buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2005	5,000,000	1,932,459	35,662	71,363	7,039,484
Additions	-	675,861	-	-	675,861
At 31 December 2005	5,000,000	2,608,320	35,662	71,363	7,715,345
Depreciation					
At 1 January 2005	29,750	1,087,776	22,824	18,112	1,158,462
Charge for the year	119,000	220,699	10,999	17,841	368,539
At 31 December 2005	148,750	1,308,475	33,823	35,953	1,527,001
Net book value					
At 31 December 2005	4,851,250	1,299,845	1,839	35,410	6,188,344
At 31 December 2004	4,970,250	844,683	12,838	53,251	5,881,022

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:

	£
Cost	
At 1 January 2005 & at 31 December 2005	5,280,792
Depreciation based on cost	
At 1 January 2005	1,030,294
Charge for the year	118,543
At 31 December 2005	1,148,837
Net book value	
At 31 December 2005	4,131,955
At 31 December 2004	4,250,498

ABLE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8 Fixed asset investments

	Listed investments £	Shares in group undertakings £	Total £
Cost or valuation			
At 1 January 2005	471,471	1	471,472
Revaluation	41,492	-	41,492
Disposals	(20,586)	-	(20,586)
	<u>492,377</u>	<u>1</u>	<u>492,378</u>
At 31 December 2005	492,377	1	492,378
Provisions for diminution in value			
At 1 January 2005	25,246	-	25,246
Charge for the year	(10,508)	-	(10,508)
	<u>14,738</u>	<u>-</u>	<u>14,738</u>
At 31 December 2005	14,738	-	14,738
Net book value			
At 31 December 2005	<u>477,639</u>	<u>1</u>	<u>477,640</u>
At 31 December 2004	<u>446,225</u>	<u>1</u>	<u>446,226</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 2005 its reserves were £- and its profit for the year was £-.

9 Stocks and work in progress

	2005 £	2004 £
Raw materials and consumables	453,560	221,353
Work in progress	58,201	1,476
Long term contract balances:		
- Net cost less foreseeable losses	916,485	-
	<u>1,428,246</u>	<u>222,829</u>

ABLE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

10 Debtors	2005 £	2004 £
Trade debtors	2,409,072	2,011,201
Amounts recoverable on long term contracts	344,000	-
Amounts owed by parent and fellow subsidiary undertakings	6,202,671	6,346,020
Other debtors	107,241	1,229
Prepayments and accrued income	324,093	225,629
	<u>9,387,077</u>	<u>8,584,079</u>

11 Creditors: amounts falling due within one year	2005 £	2004 £
Payments received on account	1,007,223	1,064,430
Trade creditors	4,359,168	2,272,211
Corporation tax	230,496	801,710
Other taxes and social security costs	81,270	113,728
Directors' current accounts	7,081	6,551
Accruals and deferred income	225,977	861,676
	<u>5,911,215</u>	<u>5,120,306</u>

ABLE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

12 Provisions for liabilities and charges

	Deferred tax liability £	Other £	Total £
Balance at 1 January 2005	1,199,608	10,000,000	11,199,608
Profit and loss account	16,383	-	16,383
	<u>1,215,991</u>	<u>10,000,000</u>	<u>11,215,991</u>
Balance at 31 December 2005	<u>1,215,991</u>	<u>10,000,000</u>	<u>11,215,991</u>

A provision of £10million was made by the company in its accounts for the year ended 31st December 2000 in respect of a constructive obligation on land at Seaton Port. HM Revenue & Customs has recently 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.

In previous years this provision was included in accruals and deferred income. The comparative figures have been changed to reflect this adjustment.

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	1,215,991	1,199,608
	<u>1,215,991</u>	<u>1,199,608</u>

13 Accruals and deferred income

	2005 £	2004 £
Deferred government grants	93,800	168,800
Accruals and deferred income	294,589	370,573
	<u>388,389</u>	<u>539,373</u>

ABLE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

14 Pension costs

Defined contribution

	2005 £	2004 £
Contributions payable by the company for the year	105,724	1,490

15 Share capital

Authorised

	2005 £	2004 £
10,000 Ordinary shares of £1 each	10,000	10,000

Allotted, called up and fully paid

10,000 Ordinary shares of £1 each	10,000	10,000
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16 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2005	745,688	484,824
Profit for the year	-	465,848
Transfer from revaluation reserve to profit and loss account	(3,200)	3,200
Revaluation during the year	41,492	-
Depreciation written back	(457)	457
Balance at 31 December 2005	783,523	954,329

The revaluation reserve closing balance comprises:

	£
Surplus on revaluation of property	719,295
Surplus on revaluation of investments	64,228
	783,523

ABLE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

17 Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Profit for the financial year	465,848	481,237
Other recognised gains and losses	41,492	5,600
Net addition to shareholders' funds	507,340	486,837
Opening shareholders' funds	1,240,512	753,675
Closing shareholders' funds	1,747,852	1,240,512

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 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

	Land and buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within one year	366,017	1,089,496
Between two and five years	1,230,000	-
	1,596,017	1,089,496

20 Directors' emoluments	2005	2004
	£	£
Emoluments for qualifying services	142,274	36,044
Company pension contributions to money purchase schemes	101,480	120
	243,754	36,164

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004 - 2).

ABLE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

21 Employees

Number of employees

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

	2005 Number	2004 Number
Management and administration	31	6
Production	96	14
	<u>127</u>	<u>20</u>

The average for 2004 is based on the full financial year and included the period prior to hive down when the company was not trading. The average number of employees after hive down was 86.

Employment costs

	2005 £	2004 £
Wages and salaries	3,314,050	453,206
Social security costs	344,762	48,443
Other pension costs	105,724	1,490
	<u>3,764,536</u>	<u>503,139</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 as described in the directors' report.

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 2005

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 £2,370,164 (2004: £230,314.)

Amounts recoverable on contracts comprises £344,000 and, although costs were much greater, with the licence position as yet unclear, work in progress includes only £916,485 recoverable from Post - Service Remediation Partners LLC, a subsidiary undertaking.

24 Post balance sheet events

The company is party to a contract to undertake the dismantling and disposal of redundant ships, and it has been trying for two years to obtain the necessary permits and licences to enable this contract to be fulfilled. In the financial year under review, and in the post balance sheet date period, the company made significant progress in obtaining the necessary permits and licences. However, even with the Officers of the Hartlepool Borough Council recommending approval in recognition of the significant employment potential and economic gain for the local area, the Council rejected the Application late 2006.

The company is going to appeal against this decision (and with the Council ignoring their own Officer's recommendation the costs will likely fully need to be borne by the Council) and the company also intend to submit a new application. One way or the other, the directors remain extremely confident that the company will ultimately cease being thwarted and the application succeed.

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.