

# **Annual Report**

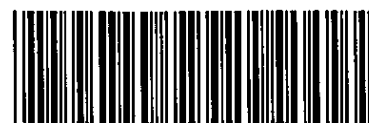
Fifty Two Weeks

Period Ended 1 July 2007

A H Marks & Company Limited  
Wyke, Bradford, West Yorkshire BD12 9EJ

Registered No 87911

FRIDAY



\*A057XYS9\*

A44

11/04/2008

305

COMPANIES HOUSE

# **Annual Report**

**Fifty Two Weeks Ended 1 July 2007**

## **Contents**

	Page
Directors' Report	1
Independent Auditor's Report	4
Profit And Loss Account	5
Statement of Total Recognised Gains and Losses	6
Statement of Historical Cost Profits and Losses	6
Balance Sheet	7
Notes to the Financial Statements	8

## **Directors' Report**

### **For The Fifty Two Weeks Ended 1 July 2007**

The Directors present their report and the audited financial statements for the period of fifty two weeks ended 1 July 2007. The comparative period is the fifty three weeks ended 2 July 2006.

#### **1 Business Review**

##### **1.1 Principal Activities and Results**

The principal activity of A H Marks & Company Limited ('the Company') continues to be the production of chemicals for use in agriculture.

The results for the Company show a pre-tax deficit of £441,000 (2006: £6,735,000 profit) for the period and sales of £61,803,000 (2006: £66,710,000).

##### **1.2 Research and Development**

The Company continues to invest in both the development of new products as well as the improvement of existing processes. The Directors regard the investment in research and development as integral to the continuing success of the business.

##### **1.3 Future Outlook**

The Directors remain confident that progress will be made in improving the Company's performance.

##### **1.4 Principal Risks and Uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are considered to relate to competitors' activities, increased energy costs, adverse movements in currency exchange rates and regulatory requirements arising from both national and super-national bodies.

##### **1.5 Key Performance Indicators**

Given the close involvement of the shareholder in the management of the Company, key performance indicators are not considered to be necessary to supplement the information contained in the financial statements.

## **Directors' Report**

**For The Fifty Two Weeks Ended 1 July 2007**

### **2 Directors**

The directors who held office during the period are given below

I J McClelland	
G Collinson	(Company Secretary)
M E Goddard	
A W Stocker	
J R Waterhouse	(Non-Executive Chairman)

### **3 Employees**

The Company's policy is to give fair consideration to all applications for employment made by disabled persons, commensurate with their abilities and aptitudes and to ensure that they are trained and developed according to their needs. Employees becoming disabled during their employment will, where appropriate, receive training to enable them to continue their employment.

For many years the Directors have recognised the importance of good consultations and relations with employees. It is the Company's policy to ensure that effective communication takes place on a regular basis with regard to the performance and future prospects of the Company's operations.

### **4 Statement of Directors' Responsibilities**

Company law requires the Directors to prepare financial statements for each financial period that 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. The Directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 1 July 2007 and that applicable accounting standards have been followed.

## **Directors' Report**

**For The Fifty Two Weeks Ended 1 July 2007**

### **4 Statement of Directors' Responsibilities** continued

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.

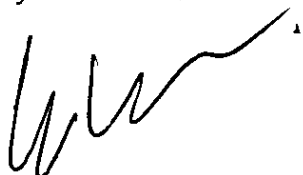
### **5 Audit Information**

So far as each of the Directors is aware, there is no relevant information that has not been disclosed to the Company's auditors and each of the Directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information.

### **6 Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



G Collinson  
Secretary

21 August 2007

## **Independent Auditors' Report to the Members of A H Marks & Company Limited**

We have audited the financial statements of A H Marks & Company Limited for the 52 weeks ended 1 July 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the statement of historical cost profits and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 July 2007 and of its results for the period 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.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Leeds

**23 August 2007**

## Profit And Loss Account

Fifty Two Weeks Ended 1 July 2007

	Note	2007 £'000	2006 £'000
<b>Turnover</b>	3	<b>61,803</b>	66,710
Change in stocks of finished goods and work in progress		(312)	2,258
Own work capitalised		377	312
Other operating income		438	302
Raw materials and consumables		(28,304)	(31,765)
Other external charges		(15,988)	(10,385)
Staff costs	4	(11,439)	(11,020)
Depreciation and amortisation		(4,470)	(7,085)
<b>Operating profit</b>	4	<b>2,105</b>	9,327
<b>Operating profit before exceptional items</b>		<b>1,638</b>	2,020
Exceptional items	5	467	7,307
<b>Operating profit after exceptional items</b>		<b>2,105</b>	9,327
Interest receivable and similar income		52	32
Interest payable and similar charges	8	(2,847)	(2,662)
Other finance income	22.1	249	38
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(441)</b>	6,735
Tax credit/(charge) on (loss)/profit on ordinary activities	9	630	(2,684)
<b>Retained profit for the period</b>	19,20	<b>189</b>	4,051

All of the results in the profit and loss account relate to continuing activities

## Statement of Total Recognised Gains and Losses

Fifty Two Weeks Ended 1 July 2007

	Note	2007 £'000	2006 £'000
Profit for the period		189	4,051
Unrealised surplus on revaluation of land and tenanted properties		-	7,915
Actuarial gain on pension scheme	19,20,22 1	654	2,619
Movement on deferred tax relating to pension asset/liability	17,19,20	(183)	(787)
Total recognised gains relating to the period		660	13,798

## Statement of Historical Cost Profits And Losses

Fifty Two Weeks Ended 1 July 2007

	2007 £'000	2006 £'000
Reported (loss)/profit on ordinary activities before taxation	(441)	6,735
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	213	216
Historical cost (loss)/profit on ordinary activities before taxation	(228)	6,951
Historical cost profit for the period	402	4,267



## Balance Sheet

As at 1 July 2007

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Intangible assets	10	1,877	1,516
Tangible assets	11	42,945	44,882
Investments	12	-	-
		<b>44,822</b>	<b>46,398</b>
<b>Current assets</b>			
Stock and work in progress	13	9,859	10,047
Debtors falling due within one year	14	8,327	10,031
Debtors falling due after more than one year	14	969	969
Cash at bank and in hand		6	253
		<b>19,161</b>	<b>21,300</b>
<b>Creditors - amounts falling due within one year</b>	15	<b>(14,852)</b>	<b>(17,186)</b>
<b>Net current assets</b>		<b>4,309</b>	<b>4,114</b>
<b>Total assets less current liabilities</b>		<b>49,131</b>	<b>50,512</b>
<b>Creditors - amounts falling due after more than one year</b>	15	<b>(17,288)</b>	<b>(17,069)</b>
<b>Provisions for liabilities and charges</b>	17	<b>(1,084)</b>	<b>(2,069)</b>
<b>Net assets excluding pension asset/(liability)</b>		<b>30,759</b>	<b>31,374</b>
Pension asset/(liability)	22 1	224	(1,051)
<b>Net assets including pension asset/(liability)</b>		<b>30,983</b>	<b>30,323</b>
<b>Capital and reserves</b>			
Called up share capital	18	12	12
Capital contribution		400	400
Share premium account		98	98
Revaluation reserve	19	8,304	8,567
Capital redemption reserve		4	4
Profit and loss reserve	19	22,165	21,242
<b>Equity shareholders' funds</b>	20	<b>30,983</b>	<b>30,323</b>

The financial statements on pages 5 to 23 were approved by the Board of Directors on 21 August 2007 and were signed on its behalf by



I J McClelland  
Director

# Notes to the Financial Statements

**Fifty Two Weeks Ended 1 July 2007**

## **1 Accounting Policies**

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

### **1.1 Tangible Fixed Assets and Depreciation**

With the exception of land and tenanted properties, all classes of tangible fixed assets are included at historical cost, which as permitted by the provisions of FRS 15 includes revalued amounts pre-dating the adoption of that standard.

Land and tenanted properties are subject to a full valuation every five years by a member of the Royal Institute of Chartered Surveyors, with an interim valuation carried out in the third year following the full valuation.

Depreciation on tangible fixed assets is calculated to write-off their cost or valuation on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold land	2%
Industrial buildings	5% to 50%
Plant and machinery	5% to 50%
Fixtures and fittings	6% to 10%
Computers	20% to 33%
Motor vehicles	14% to 25%

Accelerated depreciation on tangible fixed assets is calculated to write-down the remaining net book amount of tangible fixed assets, where the Directors feel that the useful economic life remaining of these assets requires revision to nil.

Plant and machinery additions are depreciated from the period of commissioning.

Freehold land is not depreciated.

### **1.2 Intangible Fixed Assets and Amortisation**

Expenditure on the development of specific new products, where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility, is capitalised and amortised over a period not longer than ten years commencing the period in which sales of the product are first made.

# Notes to the Financial Statements

**Fifty Two Weeks Ended 1 July 2007**

## **1.2 Intangible Fixed Assets and Amortisation** continued

Expenditure on general research and development is charged to the profit and loss account in the period in which it is incurred

Expenditure incurred to obtain regulatory approvals is capitalised and amortised over its estimated useful life, not exceeding ten years

## **1.3 Stocks**

Stocks are stated at the lower of cost and net realisable value using the first in first out method. Cost comprises the direct cost of production and the attributable proportion of production overheads appropriate to location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

## **1.4 Foreign Currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling by applying, where applicable, the exchange rates obtained on forward currency contracts taken out prior to the period end. Other foreign currency assets and liabilities are translated into sterling at the exchange rates ruling at the balance sheet date. Differences arising on translation and on the conversion of ordinary foreign currency transactions during the period are dealt with as part of the profit or loss on ordinary activities.

## **1.5 Turnover**

Turnover represents sales at invoice value net of trade discounts allowed and excluding value added tax and is recognised in accordance with sales terms of trade.

## **1.6 Post Retirement Benefits**

The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity rates approximating to the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit method valuation method for past service and the attained age method for future service.

Actuarial gains and losses are recognised in full in the period in which they occur directly into equity through the statement of total recognised gains and losses. Current and past service cost, gains on any settlements and curtailments and finance charges are recognised in the profit and loss account.

## **Notes to the Financial Statements**

**Fifty Two Weeks Ended 1 July 2007**

### **1.6 Post Retirement Benefits** continued

Obligations for contributions to defined contribution pension plans are recognised in to the profit and loss account as incurred

### **1.7 Taxation**

The charge for taxation is based on the result for the period. In accordance with FRS 19 deferred taxation has been recognised as a liability or an asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. Deferred tax liabilities recognised have not been discounted.

### **1.8 Assets Acquired under Lease Contracts**

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at the end of each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

### **1.9 Government Grants**

Government grants are recognised as income over the periods necessary to match them with the related costs for which they are intended to compensate.

## Notes to the Financial Statements

**Fifty Two Weeks Ended 1 July 2007**

### **2 Cash Flow Statement**

The Company is a wholly owned subsidiary of A H Marks Holdings Limited and is included in the consolidated financial statements of A H Marks Holdings Limited, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996)

### **3 Segmental Reporting**

In the opinion of the Directors the disclosure of an analysis of turnover and profit before taxation by geographical market would be seriously prejudicial to the Company's interests

### **4 Operating Profit**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit is stated after charging/(crediting)</b>		
Wages and salaries	9,785	10,937
Social security costs	890	926
Other pension costs (note 22)	764	(843)
<b>Staff costs</b>	<b>11,439</b>	<b>11,020</b>
Depreciation of tangible fixed assets (note 11)	4,195	6,820
Amortisation of intangible fixed assets (note 10)	276	265
Operating lease charges - hire of plant and machinery	136	136
Operating lease charges - other	1	16
Government grants	(153)	-
<b>Auditors' remuneration</b>		
Audit services		
audit of the Company's annual financial statements	38	46
Non-audit services		
tax services	11	10
other	7	544

### **5 Exceptional Items**

The exceptional credit of £467,000 arose from the completion of the programme of changes to pension arrangements that was instigated in 2006

The net exceptional credit of £7,307,000 in 2006 was a result of refinancing (£8,564,000 credit), changes to pension arrangements (£1,306,000 credit), being partially offset by an exceptional write-down of fixed assets (£2,563,000) reflecting accelerated depreciation on assets no longer in use

## Notes to the Financial Statements

Fifty Two Weeks Ended 1 July 2007

### 6 Directors' Emoluments

	2007	2006
	£'000	£'000
Aggregate emoluments	411	441
Compensation for loss of office	-	388
Company pension contributions to money purchase schemes	170	59

Retirement benefits are accruing to four directors (2006 four) under money purchase pension schemes. The highest-paid director's emoluments were

	2007	2006
	£'000	£'000
Total amount of emoluments	127	144
Company pension contributions to money purchase schemes	93	27

### 7 Employee Information

The average number of persons (including executive and non-executive directors) employed by the Company during the period was

	2007	2006
	Number	Number
Production	288	293
Sales and distribution	26	31
Administration	40	41
	354	365

### 8 Interest Payable and Similar Charges

	2007	2006
	£'000	£'000
Interest payable on overdrafts and bank loans	809	1,055
Interest payable on other loans	13	46
Finance leases	2,025	1,561
	2,847	2,662

## Notes to the Financial Statements

Fifty Two Weeks Ended 1 July 2007

### 9 Taxation on the Profit for the Period

	2007	2006
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax on loss/profit for the period	-	-
Total current tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences (ACA and other) (note 17)	(985)	2,069
Pension cost relief in excess of pension cost charge	355	615
Total deferred tax (credit)/charge	(630)	2,684
<b>Tax (credit)/charge on (loss)/profit on ordinary activities</b>	<b>(630)</b>	<b>2,684</b>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%)  
The differences are explained below

	2007	2006
	£'000	£'000
(Loss)/profit on ordinary activities	(441)	6,735
Loss/profit on ordinary activities multiplied by standard rate in the UK 30%		
(2006 30%)	(132)	2,021
Effects of		
Expenses/(income) not taxable/(allowable) for tax purposes	40	(2,632)
Accelerated capital allowances and other timing differences	92	611
Current tax for the period	-	-

No provision has been made for deferred tax on gains recognised on revaluing fixed assets to their market value. Such tax would only become payable if the assets were sold without it being possible to claim rollover relief. The total amount unprovided for is £159,000 (2006 £168,000)

Deferred tax liabilities have not been discounted

## Notes to the Financial Statements

Fifty Two Weeks Ended 1 July 2007

### 10 Intangible Fixed Assets

	Regulatory Approvals £'000	Product Development £'000	Total £'000
<b>Cost or valuation</b>			
At 3 July 2006	1,572	278	1,850
Additions	454	183	637
At 1 July 2007	2,026	461	2,487
<b>Accumulated amortisation</b>			
At 3 July 2006	265	69	334
Charge for the year	233	43	276
At 1 July 2007	498	112	610
<b>Net book amount</b>			
At 2 July 2006	1,307	209	1,516
At 1 July 2007	1,528	349	1,877

### 11 Tangible Fixed Assets

	Land and Tenanted Properties £'000	Industrial Buildings £'000	Plant and Machinery £'000	Computing Equipment £'000	Motor Vehicles £'000	Total £'000
<b>Cost or valuation</b>						
At 3 July 2006	10,300	2,942	63,592	3,274	783	80,891
Additions	20	33	2,095	150	9	2,307
Disposals	(50)	-	(261)	(2)	(304)	(617)
At 1 July 2007	10,270	2,975	65,426	3,422	488	82,581
<b>Accumulated depreciation</b>						
At 3 July 2006	203	1,533	30,923	2,711	639	36,009
Charge for the year	204	141	3,516	273	61	4,195
Disposals	-	-	(262)	(2)	(304)	(568)
At 1 July 2007	407	1,674	34,177	2,982	396	39,636
<b>Net book amount</b>						
At 2 July 2006	10,097	1,409	32,669	563	144	44,882
At 1 July 2007	9,863	1,301	31,249	440	92	42,945



## Notes to the Financial Statements

### Fifty Two Weeks Ended 1 July 2007

#### 11 Tangible Fixed Assets continued

The Company has assets in the course of construction included within plant, machinery, fixtures and fittings whose cost and net book amount at 1 July 2007 was £220,000 (2006: £165,000)

Assets in the course of construction are initially depreciated in the period when commissioning has been completed.

The Company's major fixed assets were revalued on 30 June 1996 by Eddisons Commercial Ltd. This valuation was carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

Land was revalued by Eddisons Commercial Ltd as at 1 July 2005. Tenanted properties were valued during the period ended 2 July 2006 by Heaton Surveyors in accordance with the RICS Appraisal and Valuation Manual.

An analysis of the assets included at cost or valuation and the valuation basis used is given below.

Valuation basis used		2007	2006
		£'000	£'000
Land and tenanted properties	Prevailing market values	10,250	10,300
Industrial buildings	Depreciated replacement cost	1,240	1,240
Plant, machinery, fixtures and fittings	Value to the business	14,874	14,943
Plant, machinery, fixtures and fittings	Depreciated replacement cost	947	947
Computers	Value to the business	238	238
Total assets included at valuation		27,549	27,668
Total assets included at cost		55,032	53,223
Gross book amount		82,581	80,891

If the assets (including freehold land and properties, industrial buildings and plant, machinery, fixtures and fittings and computers) had not been revalued, they would have been included at the following amounts:

	2007	2006
	£'000	£'000
At cost	39,804	39,874
Aggregate depreciation	(32,056)	(31,347)
Net book amount based on historic cost	7,748	8,527

The net book amount of assets acquired under finance lease contracts was £11,023,000 at 1 July 2007 (2006: £11,557,000). The depreciation charge for the period on those assets was £430,000 (2006: £523,000).

## Notes to the Financial Statements

**Fifty Two Weeks Ended 1 July 2007**

### **12 Fixed Asset Investments**

The Company holds unlisted investments with a cost of £100 (2006 £100)

<b>Name of Undertaking</b>	<b>Country of Registration</b>	<b>Issued Share Capital</b>	<b>Percentage Owned</b>	<b>Description</b>
A H Marks Australia Pty Limited	Australia	A\$100	100%	Wholly owned subsidiary
Growell Limited	England	£100	50%	Joint venture
A H Marks New Zealand Limited	New Zealand	NZ\$1	100%	Wholly owned subsidiary

All three companies are not intended to enter into either trading or investment activities

### **13 Stocks**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials and consumables	<b>2,244</b>	2,121
Work in progress and finished goods	<b>7,615</b>	7,926
	<b>9,859</b>	10,047

### **14 Debtors**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Trade debtors	<b>7,006</b>	9,007
Other debtors	<b>325</b>	659
Prepayments and accrued income	<b>996</b>	365
	<b>8,327</b>	10,031
<b>Amounts falling due after more than one year</b>		
Other debtors	<b>969</b>	969

## Notes to the Financial Statements

Fifty Two Weeks Ended 1 July 2007

### 15 Creditors

	2007	2006
	£'000	£'000
<b>Amounts falling due within one year</b>		
Bank loans and overdrafts	5,961	7,134
Trade creditors	7,105	8,017
Taxation and social security	286	342
Other creditors	219	374
Accruals and deferred income	1,214	1,129
Finance leases	67	190
	<b>14,852</b>	<b>17,186</b>

	2007	2006
	£'000	£'000
<b>Amounts falling due after more than one year</b>		
Bank loans	-	444
Accruals and deferred income	716	-
Finance leases	16,572	16,625
	<b>17,288</b>	<b>17,069</b>

### 16 Loans and Other Borrowings

	2007	2006
	£'000	£'000
Bank loans and overdraft	5,961	7,578
Finance leases	16,639	16,815
	<b>22,600</b>	<b>24,393</b>
<b>Maturity of debt</b>		
Bank loans and overdrafts repayable in one year or less	5,961	7,134
Bank loans repayable between one and two years	-	333
Bank loans repayable between two and five years	-	111
Finance leases repayable in one year or less	67	190
Finance leases repayable between one and five years	72	125
Finance leases repayable in more than five years	16,500	16,500
	<b>22,600</b>	<b>24,393</b>

The Company has an asset based lending facility secured against its trade debtors and inventory. The total amount outstanding as at 1 July 2007 amounted to £5,894,000 (2006 £6,801,000) and this is included within bank loans repayable in one year or less. The loan bears a variable rate of interest.

## Notes to the Financial Statements

**Fifty Two Weeks Ended 1 July 2007**

### **17 Provision for Liabilities and Charges**

The provision relates entirely to deferred taxation. The total including the amount unprovided is as follows

	<b>2007 Amount Provided £'000</b>	<b>2006 Amount Provided £'000</b>	<b>2007 Amount Unprovided £'000</b>	<b>2006 Amount Unprovided £'000</b>
Accelerated capital allowances	2,831	3,035	-	-
Short term timing differences	(34)	(42)	-	-
Losses	(2,885)	(2,993)	(1,332)	(1,525)
Capital gains	1,172	2,069	-	-
Potential taxation on revaluation of freehold land and properties	-	-	159	168
Deferred tax excluding that relating to pension asset/liability	1,084	2,069	(1,173)	(1,357)
Pension asset/(liability) (note 22.1)	88	(450)	-	-
<b>Total provision for deferred tax</b>	<b>1,172</b>	<b>1,619</b>	<b>(1,173)</b>	<b>(1,357)</b>
3 July 2006	1,619			
Deferred tax credit in the profit and loss account	(630)			
Deferred tax charged to the STRGL	183			
<b>1 July 2007</b>	<b>1,172</b>			

### **18 Called Up Share Capital**

There has been no change in share capital during the year

	<b>Authorised 2007 and 2006</b>		<b>Allotted, called up and fully paid 2007 and 2006</b>	
	<b>Number</b>	<b>£'000</b>	<b>Number</b>	<b>£'000</b>
Ordinary shares of 5p each	400,000	20	237,000	12

## Notes to the Financial Statements

Fifty Two Weeks Ended 1 July 2007

### 19 Reserves

	Revaluation Reserve £'000	Profit and Loss Reserve £'000
3 July 2006	8,567	21,242
Retained profit for the period	-	189
Actuarial gain on pension scheme	-	654
Movement on deferred tax relating to pension scheme	-	(183)
Movement between reserves	(263)	263
1 July 2007	8,304	22,165
Pension asset		(224)
Profit and loss reserve excluding pension asset		21,941

The movement between the revaluation and the profit and loss reserves is the difference between the historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount (£213,000) and to recognise revalued assets disposed (£50,000)

### 20 Reconciliation of Movements in Shareholders' Funds

	2007 £'000	2006 £'000
Opening shareholders' funds	30,323	16,125
Retained profit for the period	189	4,051
Capital contribution from immediate parent company	-	400
Revaluation of land and tenanted properties	-	7,915
Actuarial gain on pension scheme	654	2,619
Movement on deferred tax relating to pension scheme	(183)	(787)
Closing shareholders' funds	30,983	30,323

### 21 Contingent Liabilities

There are contingent liabilities of £32,000 in respect of indemnities to HM Customs and Excise (2006 £32,000)

## Notes to the Financial Statements

**Fifty Two Weeks Ended 1 July 2007**

### **22 Pension Commitments**

#### **22.1 Defined Benefit Scheme**

The Company operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme is closed for new members. An actuarial valuation of the scheme was carried out as at 1 April 2007 by HSBC Actuaries and Consultants Limited. The valuation methods used were the projected unit method for past service and the attained age method for future service costs. The liabilities of the scheme on the FRS 17 assumptions as at 1 July 2007 have been estimated based on those results using approximate actuarial techniques. The major assumptions used by the actuary were

	1 July 2007 %	2 July 2006 %	26 June 2005 %
Rate of increase in salaries	2.75	2.75	2.75
Rate of increase of pensions Post 05/04/88 GMP	2.50	2.25	2.25
Subject to LPI - pre 01/04/2006	2.60	2.50	2.50
Subject to LPI - post 01/04/2006	2.25	2.25	-
Rate of revaluation of deferred pensions in excess of GMP	2.75	2.50	2.50
Discount rate	5.95	5.25	5.25
Inflation assumption	2.75	2.50	2.50

The assets in the scheme and the expected rates of return were

	1 July 2007 Rate of return expected %	1 July 2007 Market value of assets £'000	2 July 2006 Rate of return expected %	2 July 2006 Market value of assets £'000	26 June 2005 Rate of return expected %	26 June 2005 Market value of assets £'000
Equities	8.00	20,035	8.00	15,930	8.00	15,638
Bonds	5.25	8,489	4.25	8,484	4.50	9,313
Other	5.50	172	4.50	3,121	4.50	180
Total market value of assets		28,696		27,535		25,131
Present value of scheme liabilities		(28,384)		(29,036)		(31,303)
Surplus/(deficit) in scheme		312		(1,501)		(6,172)
Related deferred tax (liability)/asset		(88)		450		1,852
Net pension asset/(liability)		224		(1,051)		(4,320)

## Notes to the Financial Statements

Fifty Two Weeks Ended 1 July 2007

### 22.1 Defined Benefit Scheme continued

	2007 £'000	2006 £'000
<b>Analysis of the amount charged to operating profit</b>		
Current service cost	717	679
Gains on any settlements and curtailments	(467)	(1,661)
Total operating charge/(credit)	250	(982)
<b>Analysis of the amount credited to other finance income</b>		
Expected return on pension scheme assets	1,728	1,652
Interest on pension scheme liabilities	(1,479)	(1,614)
Net return	249	38
<b>Analysis of amount recognised in statement of total recognised gains and losses</b>		
Actual return less expected return on pension scheme assets	903	1,561
Experience gains and losses arising on scheme liabilities	(2,415)	388
Changes in assumptions underlying the present value of the scheme liabilities	2,166	670
Actuarial gain recognised in the STRGL	654	2,619
<b>Movement in (deficit)/surplus during the year</b>		
Opening deficit	(1,501)	(6,172)
Movement in the year		
Current service cost	(717)	(679)
Contributions	1,160	1,032
Gains on any settlements or curtailments	467	1,661
Other finance income	249	38
Actuarial gain	654	2,619
Closing surplus/(deficit)	312	(1,501)

## Notes to the Financial Statements

**Fifty Two Weeks Ended 1 July 2007**

### **22.1 Defined Benefit Scheme** continued

#### **History of Experience Gains and Losses**

	2007	2006	2005	2004	2003
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets					
Amount	903	1,561	1,810	705	(1,582)
% of scheme assets	3%	6%	7%	3%	8%
Experience gains and losses on scheme liabilities					
Amount	(2,415)	388	(890)	(355)	(59)
% of the present value of scheme liabilities	(9%)	1%	(3%)	1%	-
Total amount recognised in statement of total recognised gains and losses					
Amount	654	2,619	241	2,091	(2,259)
% of the present value of scheme liabilities	2%	9%	1%	8%	8%

### **22.2 Defined Contribution Schemes**

The contributions payable by the Company to defined contribution plans in the year were £515,000 (2006: £138,000) of which £31,000 was outstanding (2006: £54,000)

## **23 Capital Commitments**

	2007	2006
	£'000	£'000
Contracted for but not provided in the financial statements	26	247



## Notes to the Financial Statements

**Fifty Two Weeks Ended 1 July 2007**

### **24 Financial Commitments**

At 1 July 2007 the Company had annual commitments under non-cancellable operating leases expiring as follows

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Plant and machinery		
Within one year	<b>5</b>	50
Within two to five years	<b>150</b>	80
	<b>155</b>	130
Land and buildings		
Within one year	-	1
Within two to five years	-	-
	-	1

The Company has entered into a significant take or pay contract as follows

The purchase of combined utilities which commenced January 1996 for 20 years. The non-discounted value of the remaining commitment is estimated at £6,370,000 (2006 £6,790,000)

### **25 Financial Instruments**

The Company held outstanding forward foreign currency contracts with an asset fair value of £142,000 (2006. £144,000)

### **26 Ultimate Parent Undertaking**

The immediate and ultimate parent undertaking and controlling party is A H Marks Holdings Limited