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Financial Statements Ronson Limited

For the year ended 31 December 2008

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COMPANIES HOUSE

Company No. 1907889

Company information

Company registration number: 1907889

Registered office: Station Works
Station Road
LONG BUCKBY
Northamptonshire
NN6 7PF

Director: Bardia Panahy

Auditor: Grant Thornton UK LLP
Grant Thornton House
Kettering Parkway
Kettering Venture Park
KETTERING
Northants
NN15 6XR

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Report of the director

The director presents his report together with the financial statements for the year ended 31 December 2008.

Principal activity

The group is principally engaged in the sourcing, marketing, distribution and licensing of branded goods.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements and are discussed further in the business review below.

The group has not paid any dividends during the year.

Business and review

The company is the holding company for Ronson International Limited and Ronson Incorporated Limited. There was a loss for the year after taxation amounting to £17,000 (2007 - £456,000).

Qualifying third party indemnity provision

During the financial year, a qualifying third party indemnity provision for the benefit of the director was in force.

The director

Bardia Panahy is the sole director of the company. He holds no shares in the company or its parent undertaking.

Director's responsibilities for the financial statements

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 year. In preparing these financial statements, the director is 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.

Director's responsibilities for the financial statements (continued)

The director is 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. He is 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.

In so far as the director is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

The director is 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.

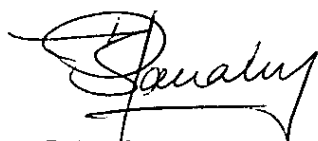
Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with section 385 of the Companies Act 1985.

Small company exemption

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

ON BEHALF OF THE BOARD



B Panahy
Director

17 August 2009



Report of the independent auditor to the members of Ronson Limited

We have audited the financial statements of Ronson International Limited for the year ended 31 December 2008 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and notes 1 to 26. 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.

Respective responsibilities of director and auditor

The director's responsibilities for preparing the Report of the Director and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's 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 Report of the Director 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 director's remuneration and other transactions is not disclosed.

We read the Report of the Director 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.



Report of the independent auditor to the members of Ronson Limited

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.

Going concern

The validity of preparing the financial statements on the going concern basis is dependent upon the company being able to meet its liabilities as they fall due. As explained in note 26 this is in turn dependent on the group meeting its sales forecasts, achieving projected gross margins and the payment of certain liabilities being deferred.

The financial statements assume that forecasts are met and that it is therefore appropriate to prepare the financial statements on a going concern basis.

Our opinion is not qualified in this respect.

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 group and parent company's affairs as at 31 December 2008 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Director is consistent with the financial statements.

A handwritten signature in black ink that reads "Grant Thornton UK LLP".

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

Kettering
21 August 2009

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice).

The group's accounting policies are unchanged compared with the prior year.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all material subsidiary undertakings, together with the group's share of the net assets and results of material associated undertakings and joint ventures. The financial statements of all group companies are adjusted, where necessary, to ensure the use of consistent accounting policies.

A separate profit and loss account for the parent company is not presented with the group financial statements as permitted by section 230 of the Companies Act 1985.

Turnover

Turnover is the revenue arising from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

Revenue from services provided by the group is recognised when the group has performed its obligations and in exchange obtained the right to consideration.

Intangible assets

Goodwill

Purchased goodwill arising on acquisitions is the difference between the fair value of the purchase consideration and the fair value of the group's share of the identifiable assets and liabilities of the acquired business at the date of acquisition. Goodwill arising on acquisition was written off against reserves.

Any goodwill arising from future acquisitions will be capitalised and classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years. Goodwill will be reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable.

Research and development

Research and development expenditure is charged to profits in the period in which it is incurred. Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and amortised in line with the expected sales arising from the projects. All other development costs are written off in the year of expenditure.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their estimated useful economic lives. The periods generally applicable are:

Equipment, fixtures and fittings	15% - 33% per annum
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Investments

Investments are included at cost less provision for impairment.

The group as lessee

Operating lease agreements

Leases where substantially all of the risks and rewards of ownership are not transferred to the group are treated as operating leases. Rentals under operating leases are charged against profits on a straight-line basis over the period of the lease.

Operating lease incentives are recognised, on a straight-line basis, as a reduction of the rental expense over the shorter of the lease term and the period to the first rent review where market rentals will be payable.

Stocks

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on a category-by-category basis.

Net realisable value is the estimated selling price less all further costs to complete and all costs to be incurred in marketing, selling and distribution.

Current tax

The current tax charge is based on the result for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, except where the transaction is to be settled using a contracted rate, in which case that rate is used. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Foreign exchange gains and losses are credited or charged to the profit and loss account as they arise.

Group accounts

The financial statements of foreign subsidiaries and the related goodwill are translated at the closing exchange rate at the balance sheet date.

Retirement benefits

Defined contribution pension scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period. The group accounts for its contributions to the group pension schemes as a defined contribution scheme.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Consolidated profit and loss account

	Note	2008 £'000	2007 £'000
Turnover	1	5,096	4,675
Cost of sales		<u>(3,216)</u>	<u>(3,085)</u>
Gross profit		1,880	1,590
Other operating income and charges	2	<u>(1,679)</u>	<u>(1,894)</u>
Operating loss		201	(304)
Net interest	3	<u>(218)</u>	<u>(152)</u>
Loss on ordinary activities before taxation	1	(17)	(456)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
Loss for the financial year transferred from reserves	17	<u><u>(17)</u></u>	<u><u>(456)</u></u>

All activities are classed as continuing.

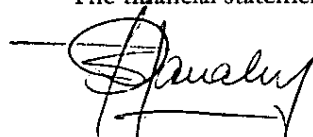
There were no recognised gains or losses other than the loss for the financial year.

Balance sheet

	Note	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Fixed assets					
Intangible assets	8	-	-	-	-
Tangible assets	9	50	81	-	-
Investments	10	25	25	2,350	2,350
		75	106	2,350	2,350
Current assets					
Stocks	11	1,665	1,054	-	-
Debtors	12	764	1,011	-	-
Cash at bank and in hand		58	67	-	-
		2,487	2,132	-	-
Creditors: amounts falling due within one year	13	(2,507)	(2,169)	(894)	(598)
Net current liabilities		(20)	(37)	(894)	(598)
Total assets less current liabilities		55	69	1,456	1,752
Creditors: amounts due after more than one year	14	(1,520)	(1,520)	(1,420)	(1,420)
		(1,465)	(1,451)	36	332
Capital and reserves					
Called up share capital	15	479	479	479	479
Share premium account	16	1,989	1,989	1,989	1,989
Profit and loss account	16	(3,933)	(3,919)	(2,432)	(2,136)
Shareholders' funds	17	(1,465)	(1,451)	36	332

The financial statements were approved and authorised for issue by the Director on

17 August 2009



B Panahy
 Director

The accompanying accounting policies and notes form part of these financial statements.

Consolidated cash flow statement

	Note	2008 £'000	2007 £'000
Net cash inflow/(outflow) from operating activities	18	149	(75)
Returns on investments and servicing of finance			
Interest received		-	61
Interest paid		(2)	-
Net cash (outflow)/inflow from returns on investments and servicing of finance		(2)	61
Taxation			
Overseas corporation tax paid		-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1)	(6)
Net cash outflow from capital expenditure and financial investment		(1)	(6)
Cash outflow before financing		146	(20)
Financing			
Repayment of borrowings		(149)	(96)
Net cash outflow from financing		(149)	(96)
Decrease in cash in the year	19	(3)	(116)

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover and loss on ordinary activities before taxation

A geographical analysis of turnover by destination is given below:

	2008 £'000	2007 £'000
United Kingdom	3,658	3,648
Rest of Europe	1,374	941
Rest of the World	64	86
	<u>5,096</u>	<u>4,675</u>

The loss on ordinary activities before taxation is stated after:

	2008 £'000	2007 £'000
Depreciation:		
Tangible fixed assets, owned	32	69
Auditor's remuneration:		
Audit services	44	39
Non-audit services	7	7
Research and development expenditure	27	-
Operating leases		
Other	18	18
	<u>18</u>	<u>18</u>

The audit fee includes £5,000 (2007 - £5,000) in respect of the company.

2 Other operating charges

	2008 £'000	2007 £'000
Distribution costs	223	675
Administration expenses	1,455	1,219
	<u>1,678</u>	<u>1,894</u>

3 Net interest

	2008 £'000	2007 £'000
Interest payable and similar charges:		
On bank loans and overdrafts	(2)	62
Finance charge on shares classed as financial liabilities	<u>(216)</u>	<u>(214)</u>
	<u>(218)</u>	<u>(152)</u>

4 Director and employees

Staff costs during the year were as follows:

	2008 £'000	2007 £'000
Wages and salaries	358	396
Social security costs	35	42
Other pension costs	<u>5</u>	<u>9</u>
	<u>398</u>	<u>447</u>

The average monthly number of employees (including Executive Directors) employed by the group during the year was 11 (2007 - 12).

Remuneration in respect of director was as follows:

	2008 £'000	2007 £'000
Fees	<u>25</u>	<u>37</u>

During the year no directors (2007 - no directors) participated in money purchase pension schemes.

5 Taxation on profit on ordinary activities

The tax charge represents:

	2008 £'000	2007 £'000
UK corporation tax on result for the period and current tax charge for the year	-	-
Deferred tax	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

Taxation on profit on ordinary activities (continued)

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28.5% (2007 - 30%). The differences can be explained as follows:

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	<u>(17)</u>	<u>(456)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007 - 30%)	(3)	(137)
Effect of:		
Income not subject to tax	61	68
Differences between capital allowances and depreciation	(11)	(12)
Other timing differences	(27)	(15)
Tax losses arising/(utilisation) of tax losses	(20)	61
Foreign tax	<u>-</u>	<u>35</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

It is estimated that the group has taxable losses of approximately £17m carried forward and available for offset against future trading profits subject to HM Revenue and Customs agreement.

6 Dividends

Dividends on shares classed as financial liabilities:

	2008 £	2007 £
Accrued at the year end		
Dividends on 8% convertible cumulative redeemable preference shares	<u>216</u>	<u>214</u>

7 Loss for the financial year

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The loss for the financial year of the company was £296k (2007 - £253k)

8 Intangible fixed assets

The group

	Development costs £'000
Cost	
At 1 January 2008 and 31 December 2008	<u>210</u>
Depreciation	
At 1 January 2008 and 31 December 2008	<u>210</u>
Net book value at 31 December 2008 and 31 December 2007	<u>-</u>

The company

There are no intangible fixed assets held by the company.

9 Tangible fixed assets

The group

	Equipment, fixtures and fittings £'000
Cost	
At 1 January 2008	943
Additions	<u>1</u>
At 31 December 2008	<u>944</u>
Depreciation	
At 1 January 2008	862
Charge for year	<u>32</u>
At 31 December 2008	<u>894</u>
Net book value at 31 December 2008	<u>50</u>
Net book value at 31 December 2007	<u>81</u>

The company

The net book value of tangible fixed assets is £nil (2007 - £nil).

10 Fixed asset investments

The group

£'000

Cost and net book amount

At 1 January 2008 and 31 December 2008

25

The company

2008
£'000

2007
£'000

At cost less provision for impairment

At 1 January 2008 and 31 December 2008

2,350

2,350

The historical cost of investments is £28,651,000 (2007 - £28,651,000).

The company's investments consist of interests in group undertakings.

The details of the company's principal trading subsidiary undertakings are set out below.

Name of undertaking	Principal activity	Description of shares held
Ronson International Limited	Sourcing, marketing and licensing of branded goods	Ordinary 5p shares
Ronson Polska SP z.o.o.	Distribution of lighters	Ordinary 100 Zlotty shares
EMHOL Limited	Holding company	Ordinary £1 shares
Ronson Incorporated Limited	Non trading holding company	Ordinary £1 shares

Ronson International Limited operating in the United Kingdom and is incorporated in England and Wales and is a wholly owned subsidiary included in the consolidated financial statements. The shares in Ronson International Limited are wholly owned by Ronson Limited.

Ronson Polska z.o.o. is incorporated and operates in Poland and is a wholly owned subsidiary included in the consolidated financial statements. The shares are wholly owned by Ronson International Limited.

Ronson Incorporated Limited is incorporated in England and Wales and is a wholly owned subsidiary included in the consolidated financial statements. The shares in Ronson Incorporated Limited are wholly owned by Ronson Limited.

The group also holds 33% of the ordinary £1 shares in Aerosol Limited, a company registered in England through its shareholding in EMHOL Limited

EMHOL Limited is incorporated in England and Wales and has been excluded from the consolidated financial statements as it is not considered to be material. The shares in EMHOL Limited are nominally owned by Ronson International Limited.

Fixed asset investments (continued)

Aerosol Limited operates in the United Kingdom and is incorporated in England and Wales. 33% of the shares in the company are owned by EMHOL Limited. The company has been excluded from the consolidated financial statements as its results are considered to be immaterial to the group.

11 Stocks

The group

	2008 £'000	2007 £'000
Finished goods and goods for resale	<u>1,665</u>	<u>1,054</u>

The company

There are no stocks held by the company.

12 Debtors

	The group		The company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Amounts falling due within one year:				
Trade debtors	717	921	-	-
Amounts due from group undertakings	-	-	-	-
Other debtors	13	18	-	-
Prepayments and accrued income	34	72	-	-
	<u>764</u>	<u>1,011</u>	<u>-</u>	<u>-</u>

Included within trade debtors are factored debts with a value of £637,976 (2007 - £842,459).

13 Creditors: amounts falling due within one year

	The group		The company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Bank overdrafts	-	6	-	-
Other loans	460	609	-	-
Trade creditors	1,145	729	-	-
Amounts owed to group undertakings	80	80	296	215
Other taxation and social security	31	19	-	-
Other creditors	-	3	-	-
Accruals and deferred income	791	723	598	383
	<u>2,507</u>	<u>2,169</u>	<u>894</u>	<u>598</u>

Included in other loans is £460,000 secured on factored debts.

14 Creditors: amounts falling due after more than one year

The group and the company

	The group		The company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Other loans	100	100	-	-
Shares classed as financial liabilities	1,420	1,420	1,420	1,420
	<u>1,520</u>	<u>1,520</u>	<u>1,420</u>	<u>1,420</u>
Shares classed as financial liabilities: 8% convertible cumulative redeemable preference shares of £10,000 each	<u>1,420</u>	<u>1,420</u>	<u>1,420</u>	<u>1,420</u>

15 Share capital

	2008	2007
	£'000	£'000
Authorised		
1,314,611 ordinary shares of £10 each	13,146	13,146
47,387,817 deferred shares of 4.99p each	2,365	2,365
183,877,060 'A' deferred shares of 0.01p each	18	18
200 8% convertible cumulative redeemable preference shares of £10,000 each	2,000	2,000
	<u>17,529</u>	<u>17,529</u>
Allotted, called up and fully paid		
46,108 ordinary shares of £10 each	461	461
183,864,224 'A' deferred shares of 0.01p each	18	18
142 8% convertible cumulative redeemable preference shares of £10,000 each	1,420	1,420
	<u>1,899</u>	<u>1,899</u>
Equity shares:		
46,108 ordinary shares of £10 each	461	461
183,864,224 'A' deferred shares of 0.01p each	18	18
	<u>479</u>	<u>479</u>
Shares classed as financial liabilities: 142 8% convertible cumulative redeemable preference shares of £10,000 each	<u>1,420</u>	<u>1,420</u>

Share capital (continued)

The 'A' deferred shares and deferred shares are non-voting, do not rank for dividend payments and will receive a repayment of nominal amounts paid up on such shares in the event of a winding-up after repayment of capital plus £10m per share paid up on the ordinary and the convertible shares.

The holders of the 8% convertible cumulative redeemable preference shares are entitled to be paid a fixed cumulative preferential dividend at the rate of 8% payable annually in arrears. In the event of the preference dividend not being paid an additional sum of 2% per annum of the outstanding sum becomes due. There is no further right to participate in the company's profits. On a return of capital the holders of these shares are entitled, in preference to other payments to shareholders, arrears of preferential dividend, repayment of capital and a premium of 7% of nominal value. Failure by the company to redeem the shares on the due dates (being one third on 15 September 2008, 2009 and 2010) entitles the shareholder to convert the sums due into fully paid ordinary shares at the rate of £37.50 per ordinary share. The company did not redeem the first tranche of the preference shares on 15 September 2008 but the company has received no indication from the preference shareholders that they wish to convert the preference shares into ordinary shares. The holders of the preference shares are entitled to attend and vote at a general meeting when dividend payments are six months in arrears or the meeting is to consider a resolution to wind up the company.

16

Reserves

The group

	Share premium account £'000	Profit and loss account £'000
At 1 January 2008	1,989	(3,919)
Loss for the year	-	(17)
Exchange differences	-	3
	<u>1,989</u>	<u>(3,933)</u>
At 31 December 2008		

The company

	Share premium account £'000	Profit and loss account £'000
At 1 January 2008	1,989	(2,136)
Loss for the year	-	(296)
	<u>1,989</u>	<u>(2,432)</u>
At 31 December 2008		

17 Reconciliation of movements in shareholders' funds

The group

	2008 £'000	2007 £'000
Loss for the year	(17)	(456)
Exchange differences	3	16
Net decrease in shareholders' funds	(14)	(440)
Opening shareholders' funds	(1,451)	(1,011)
Closing shareholders' funds	(1,465)	(1,451)

The company

	2008 £'000	2007 £'000
Loss for the year and net decrease in shareholder funds	(296)	(253)
Opening shareholder funds	332	585
Closing shareholders' funds	36	332

18 Net cash inflow/(outflow) from operating activities

	2008 £'000	2007 £'000
Operating profit/(loss)	201	(304)
Depreciation of tangible fixed assets	32	69
(Increase)/decrease in stocks	(611)	165
Decrease in debtors	247	3
Increase/(decrease) in creditors	277	(24)
Foreign exchange gains	3	16
Net cash inflow/(outflow) from operating activities	149	(75)

19 Reconciliation of net cash flow to movement in net debt

	2008 £'000	2007 £'000
Decrease in cash in the year	(3)	(116)
Cash outflow from decrease in debt	149	96
Change in net cash resulting from cash flows	146	(20)
Net debt at 1 January 2008	(2,068)	(2,048)
Net debt at 31 December 2008	(1,922)	(2,068)

20 Analysis of changes in net debt

	At 1 1 January 2008 £'000	Cash flow £'000	At 31 December 2008 £'000
Cash at bank and in hand	67	(9)	58
Overdrafts	(6)	6	-
	61	(3)	58
Debt due within one year - other loans	(609)	149	(460)
Debt due after more than one year	(1,520)	-	(1,520)
Total	(2,068)	146	(1,922)

21 Capital commitments

The company had no capital commitments at 31 December 2008 or 31 December 2007.

22 Contingent liabilities

Group undertakings have provided guarantees to H M Revenue and Customs totalling £20,000 (2007 - £20,000).

The company has provided unlimited guarantees for the borrowing of its subsidiary undertakings. As at 31 December 2008, subsidiary undertakings had borrowings of £608,869 which were subject to this guarantee (2007 - £590,184).

23 Commitments under operating leases

Operating lease payments amounting to £18,000 (2007 - £18,000) are due within one year. The leases to which these amounts relate expire as follows:

	2008 £'000	Other 2007 £'000
Operating leases which expire:		
Within one year	18	-
Between one and five years	-	18

24 Transactions with related parties

The group

During the year the group purchased services from Acela Limited to the value of £214,859 (2007 - £317,686). At 31 December 2008 the group owed £19,922 (2007 - £26,861) to Acela Limited. A loan of £100,000 from Acela Limited was outstanding at the year end (2007 - £100,000). K Jahanshad is a director of both Ronson International Limited and Acela Limited.

During the year ended 31 December 2006 Ronson Limited issued 100 £10,000 cumulative redeemable preference shares, classified as debt, to Mitchell (UK) Limited. At the year end there was £326,086 of interest accrued relating to this (2007 - £175,156). Mitchell (UK) Limited is a related party due to its shareholding in Ronson Limited.

The company

There exists a consultancy contract, dated 1 March 2004, between AMY Holdings Limited and the company at a cost to the company of £47,500 per annum. The charge for the year was £47,500 (2007 - £47,500). Either party can terminate this agreement with two months' written notice.

At 31 December 2008 £9,203 (2007 - £9,302) was due from the group to AMY Holdings Limited. A further £80,000 (2007 - £80,000) is due in relation to a loan made in 2003.

During the year ended 31 December 2005 Ronson Limited issued 42 £10,000 cumulative convertible redeemable preference shares, classified as debt, to AMY Holdings Limited. At the year end there was £271,593 (2007 - £208,201) accrued relating to this.

The company has taken advantage of the exemption in FRS 8 that transactions with 90% (or greater) subsidiaries do not need to be disclosed.

25 Ultimate parent company

The director regard AMY Holdings Limited, a company registered in England and Wales, as the ultimate parent company by virtue of shareholding. In the opinion of the director, there is no controlling related party of that company.

26 Future funding requirements

The director has considered the funding requirement for the day to day working capital of the group and the further development of the business.

Cash flow and profitability projections for a rolling 12 month period are prepared, updated and regularly reviewed by the management team. The key assumptions are sales forecasts (both quantum and timing) by product and customer, product line gross margin and the timing of receipts from customers and the timing of payments to creditors. The reliability of both sales and gross margin assumptions are particularly susceptible to market pressures.

The director has renegotiated the deferral of the payment of dividends on preference shares until the earlier of the company having the resources to make such payments or September 2010. This will allow the group to alleviate anticipated cash flow pressure during the coming twelve months.