

Brightwells Limited
ABBREVIATED ACCOUNTS
for the year ended
31 December 2007



Brightwells Limited

ABBREVIATED ACCOUNTS

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Brightwells Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R J Grainger
T C Court
F J A Morgan
M H Rose
T I Parry
N W E Gorst
D C Burgoyne
R J Binnersley

SECRETARY

R J Grainger

REGISTERED OFFICE

Easters Court
Leominster
Herefordshire
HR6 0DE

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Elgar House
Holmer Road
Hereford
HR4 9SF

BANKERS

Barclays Bank Plc
Herefordshire Business Centre
1-3 Broad Street
Hereford
HR4 9BH

Brightwells Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Brightwells Limited for the year ended 31 December 2007

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was as auctioneers and valuers

REVIEW OF THE BUSINESS

2007 has proved to be another very successful year with further significant growth in both revenues and profit. The directors are pleased to report that the company is now on track to reach its medium term goals although the current economic slowdown is likely to have some effect on returns in the next twelve to eighteen months.

FUTURE DEVELOPMENTS

The directors have reached agreement in principle with the Cheltenham Racecourse Authority to invest up to £1 million in building a horse sales ring at Cheltenham Racecourse which will be made exclusively available to Brightwells for the next twenty five years on a long lease at no rent. The directors are confident that this facility will allow the company to undertake considerable expansion in the sale of Bloodstock which should in turn lead to significant growth in both revenues and profits over the course of the next five years.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £603,008. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors consider the main threat to the business to be a continuing slow down in the UK economy as a whole. Further interest rate rises will dampen demand further and this could have a significant impact on most sectors of the business, most notably property and fine art. The directors are also well aware that the long term outlook for 4X4 vehicle sales is unpromising, in that concerns over climate change will impact on the overall size of this market over time. Actions are already underway to deal with this threat.

DIRECTORS

The directors who served the company during the year were as follows:

R J Grainger
T C Court
F J A Morgan
M H Rose
T I Parry
C J A Gallimore
N W E Gorst
D C Burgoyne
R J Binnersley

D C Burgoyne was appointed as a director on 2 January 2007.

R J Binnersley was appointed as a director on 2 January 2007.

C J A Gallimore retired as a director on 2 January 2007.

FIXED ASSETS

The directors are of the opinion that the market value of freehold land and buildings owned by the company is substantially in excess of the historical cost shown in the balance sheet.

Brightwells Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

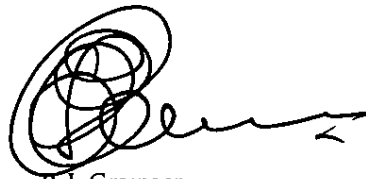
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the annual general meeting.

Registered office
Easters Court
Leominster
Herefordshire
HR6 0DE

By order of the board



R J Grainger

Company Secretary

4/7/08

Brightwells Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of 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.

AUDITOR'S REPORT TO BRIGHTWELLS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes, together with the financial statements of Brightwells Limited for the year ended 31 December 2007 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

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 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 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.



BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
Elgar House
Holmer Road
Hereford HR4 9SF

7th July 2008

Brightwells Limited

ABBREVIATED PROFIT AND LOSS ACCOUNT for the year ended 31 December 2007

| | <i>Notes</i> | 2007 £ | 2006 £ |
|---|--------------|----------------|----------------|
| Gross profit | | 3,813,346 | 3,361,004 |
| Administrative expenses | | (3,476,449) | (3,097,903) |
| OPERATING PROFIT | 2 | <u>336,897</u> | <u>263,101</u> |
| Profit/(loss) on disposal of fixed assets | | 246,440 | (1,708) |
| | | <u>583,337</u> | <u>261,393</u> |
| Interest receivable | | 144,729 | 83,341 |
| | | <u>728,066</u> | <u>344,734</u> |
| Interest payable and similar charges | 5 | (13,000) | (55,000) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>715,066</u> | <u>289,734</u> |
| Taxation | 6 | (112,058) | (68,448) |
| PROFIT FOR THE FINANCIAL YEAR | | <u>603,008</u> | <u>221,286</u> |

The operating profit for the year arises from the company's continuing operations

Brightwells Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2007

| | 2007 £ | 2006 £ |
|---|----------------|------------------|
| Profit for the financial year | 603,008 | 221,286 |
| Actuarial gain/(loss) in respect of defined benefit pension scheme | 48,000 | 1,533,000 |
| Deferred tax in respect of defined benefit pension scheme | (11,040) | — |
| Other movements | (8,960) | (297,000) |
| Total recognised gains and losses since the last financial statements | <u>631,008</u> | <u>1,457,286</u> |

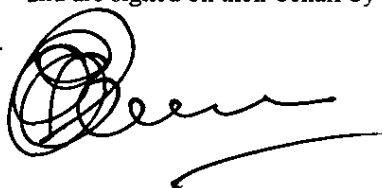
Brightwells Limited
ABBREVIATED BALANCE SHEET
31 December 2007

| | <i>Notes</i> | 2007 £ | 2006 £ |
|---|--------------|------------------|------------------|
| FIXED ASSETS | | | |
| Intangible assets | 7 | 1 | 1 |
| Tangible assets | 8 | 2,576,612 | 2,662,979 |
| Investments | 9 | 6,090 | 6,090 |
| | | <u>2,582,703</u> | <u>2,669,070</u> |
| CURRENT ASSETS | | | |
| Stocks | 10 | 3,142 | 1,447 |
| Debtors | 11 | 1,392,329 | 1,297,313 |
| Cash at bank | | 3,566,103 | 3,500,920 |
| | | <u>4,961,574</u> | <u>4,799,680</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 12 | (4,148,161) | (4,535,973) |
| NET CURRENT ASSETS | | <u>813,413</u> | <u>263,707</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>3,396,116</u> | <u>2,932,777</u> |
| PROVISIONS FOR LIABILITIES | | | |
| Deferred taxation | 13 | (62,015) | (42,684) |
| NET ASSETS EXCLUDING PENSION LIABILITY | | <u>3,334,101</u> | <u>2,890,093</u> |
| Defined benefit pension scheme liability | 14 | (363,000) | (550,000) |
| NET ASSETS INCLUDING PENSION LIABILITY | | <u>2,971,101</u> | <u>2,340,093</u> |
| CAPITAL AND RESERVES | | | |
| Called up equity share capital | 16 | 1,475 | 1,475 |
| Share premium account | 17 | 124,775 | 124,775 |
| Profit and loss account | 18 | 2,844,851 | 2,213,843 |
| SHAREHOLDERS' FUNDS | 19 | <u>2,971,101</u> | <u>2,340,093</u> |

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985

The abbreviated accounts on pages 6 to 20 were approved by the directors and authorised for issue on 4/7/08 and are signed on their behalf by

R J Grainger
Director



Brightwells Limited
CASH FLOW STATEMENT
for the year ended 31 December 2007

| | | 2007 | 2006 |
|---|--------------|----------------|------------------|
| | <i>Notes</i> | £ | £ |
| Net cash flow from operating activities | 20 a | (181,923) | 654,305 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest received | | <u>144,729</u> | <u>83,341</u> |
| NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | 144,729 | 83,341 |
| TAXATION | | (65,880) | 8,632 |
| CAPITAL EXPENDITURE | | | |
| Payments to acquire tangible fixed assets | | (82,876) | (21,895) |
| Receipts from sale of fixed assets | | <u>365,268</u> | <u>8,000</u> |
| NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE | | 282,392 | (13,895) |
| CASH INFLOW BEFORE FINANCING | | <u>179,318</u> | <u>732,383</u> |
| FINANCING | | | |
| Net (outflow)/inflow from other short-term creditors | | (146,374) | 733,760 |
| NET CASH (OUTFLOW)/INFLOW FROM FINANCING | | (146,374) | 733,760 |
| INCREASE IN CASH IN THE PERIOD | 21 a | <u>32,944</u> | <u>1,466,143</u> |

Brightwells Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2007

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

CONSOLIDATION

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

AMORTISATION

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 6 years straight line

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|---------------------|---------------------------------------|
| Freehold Property | - 5%, 10%, 20% and 33% straight line |
| Motor Vehicles | - 16 7%, 25% and 33% straight line |
| Fixtures & Fittings | - 10%, 14%, 20% and 33% straight line |

There is no depreciation charge for freehold land and buildings as the company's policy of regular repair and refurbishment means that with its expected high residual value, the charge would be immaterial.

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Brightwells Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2007

1 ACCOUNTING POLICIES *(continued)*

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using I Box sterling corporate bond index for AA rated stocks of terms greater than 15 years.

Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme deficit is recognised in full on the balance sheet.

The deferred tax relating to a defined benefit asset/liability is offset against the defined benefit asset/liability and not included with other deferred tax assets or liabilities.

DEFERRED TAXATION

Deferred tax is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are expected to crystallise in the foreseeable future.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

INVESTMENTS

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

2 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

| | 2007 | 2006 |
|--|---------|---------|
| | £ | £ |
| Depreciation of owned fixed assets | 50,415 | 71,217 |
| Auditor's remuneration | | |
| - as auditor | 12,700 | 12,650 |
| Operating lease costs | | |
| Other | 289,895 | 279,888 |
| Net profit on foreign currency translation | — | (688) |

Brightwells Limited
NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 December 2007

3 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

| | 2007 | 2006 |
|--------------------------------|-----------|-----------|
| | No | No |
| Number of administrative staff | 13 | 12 |
| Number of selling staff | 61 | 59 |
| | <u>74</u> | <u>71</u> |

The aggregate payroll costs of the above were

| | 2007 | 2006 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,989,487 | 2,775,133 |
| Social security costs | 308,711 | 285,488 |
| Other pension costs | 52,000 | 125,000 |
| | <u>3,350,198</u> | <u>3,185,621</u> |

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (see note 5) and amounts recognised in the statement of recognised gains and losses

4 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were

| | 2007 | 2006 |
|---|----------------|----------------|
| | £ | £ |
| Emoluments receivable | 818,863 | 723,939 |
| Value of company pension contributions to defined benefit schemes | 113,698 | 101,925 |
| | <u>932,561</u> | <u>825,864</u> |

Emoluments of highest paid director

| | 2007 | 2006 |
|---|----------------|----------------|
| | £ | £ |
| Total emoluments (excluding pension contributions) | 152,849 | 126,124 |
| Value of company pension contributions to defined benefit schemes | 22,540 | 21,036 |
| | <u>175,389</u> | <u>147,160</u> |

The number of directors who accrued benefits under company pension schemes was as follows

| | 2007 | 2006 |
|-------------------------|----------|----------|
| | No | No |
| Defined benefit schemes | <u>6</u> | <u>6</u> |

Brightwells Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2007

5 INTEREST PAYABLE AND SIMILAR CHARGES

| | 2007 | 2006 |
|-------------------------------|---------------|---------------|
| | £ | £ |
| Other similar charges payable | <u>13,000</u> | <u>55,000</u> |

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

| | 2007 | 2006 |
|--|----------------|---------------|
| | £ | £ |
| Current tax | | |
| In respect of the year | | |
| UK Corporation tax based on the results for the year at 30% (2006 - 30%) | 94,178 | 63,957 |
| Over/under provision in prior year | <u>(1,451)</u> | <u>803</u> |
| Total current tax | <u>92,727</u> | <u>64,760</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | <u>19,331</u> | <u>3,688</u> |
| Tax on profit on ordinary activities | <u>112,058</u> | <u>68,448</u> |

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

| | 2007 | 2006 |
|--|-----------------|----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | <u>715,066</u> | <u>289,734</u> |
| Profit on ordinary activities by rate of tax | 214,520 | 86,920 |
| Depreciation for period in excess of capital allowances | (55,397) | 5,817 |
| Expenses not deductible for tax purposes | 9,824 | 12,635 |
| Marginal relief | (28,072) | (32,415) |
| Adjustments to tax charge in respect of previous periods | (1,451) | 803 |
| Sundry tax adjusting items | <u>(46,697)</u> | <u>(9,000)</u> |
| Total current tax (note 6(a)) | <u>92,727</u> | <u>64,760</u> |

Brightwells Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2007

7 INTANGIBLE FIXED ASSETS

| | Goodwill £ |
|--|---------------|
| Cost | |
| At 1 January 2007 and 31 December 2007 | <u>15,000</u> |
| Amortisation | |
| At 1 January 2007 | <u>14,999</u> |
| At 31 December 2007 | <u>14,999</u> |
| Net book value | |
| At 31 December 2007 | <u>1</u> |
| At 31 December 2006 | <u>1</u> |

8 TANGIBLE FIXED ASSETS

| | Freehold Property £ | Motor Vehicles £ | Fixtures & Fittings £ | Total £ |
|---------------------|---------------------------|------------------------|-----------------------------|------------------|
| Cost | | | | |
| At 1 January 2007 | 2,766,244 | 45,251 | 140,241 | 2,951,736 |
| Additions | — | 30,381 | 52,495 | 82,876 |
| Disposals | (106,133) | (21,445) | — | (127,578) |
| At 31 December 2007 | <u>2,660,111</u> | <u>54,187</u> | <u>192,736</u> | <u>2,907,034</u> |
| Depreciation | | | | |
| At 1 January 2007 | 145,594 | 24,676 | 118,487 | 288,757 |
| Charge for the year | 28,816 | 7,690 | 13,909 | 50,415 |
| On disposals | — | (8,750) | — | (8,750) |
| At 31 December 2007 | <u>174,410</u> | <u>23,616</u> | <u>132,396</u> | <u>330,422</u> |
| Net book value | | | | |
| At 31 December 2007 | <u>2,485,701</u> | <u>30,571</u> | <u>60,340</u> | <u>2,576,612</u> |
| At 31 December 2006 | <u>2,620,650</u> | <u>20,575</u> | <u>21,754</u> | <u>2,662,979</u> |

9 INVESTMENTS

| | Shares in Group Undertakings £ | Shares in Non Group Undertakings £ | Total £ |
|--|---|---|--------------|
| Cost | | | |
| At 1 January 2007 and 31 December 2007 | <u>5,840</u> | <u>250</u> | <u>6,090</u> |
| Net book value | | | |
| At 31 December 2007 | <u>5,840</u> | <u>250</u> | <u>6,090</u> |
| At 31 December 2006 | <u>5,840</u> | <u>250</u> | <u>6,090</u> |

Brightwells Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2007

9 INVESTMENTS *(continued)*

The company owns ordinary shares in the following companies

| Name | % Holding | Principal Activity |
|-------------------------------------|-----------|---------------------------------|
| Hereford Market Auctioneers Limited | 42% | Market auctioneers |
| Brightwells Robinson Leslie Limited | 50% | Insurance brokers |
| Farmers First plc | <10% | Purchase of lambs for slaughter |

Aggregate capital and reserves

| | 2007 £ | 2006 £ |
|-------------------------------------|-----------|-----------|
| Hereford Market Auctioneers Limited | 159,091 | 162,819 |
| Brightwells Robinson Leslie Limited | — | — |
| Profit and (loss) for the year | | |
| Hereford Market Auctioneers Limited | (3,728) | 6,173 |
| Brightwells Robinson Leslie Limited | — | — |

Under the provision of section 248 of the above companies are not consolidated into these accounts as the combined group figures are small as defined by the Companies Act 1985

10 STOCKS

| | 2007 £ | 2006 £ |
|-------|--------------|--------------|
| Stock | <u>3,142</u> | <u>1,447</u> |

11 DEBTORS

| | 2007 £ | 2006 £ |
|--|------------------|------------------|
| Trade debtors | 1,111,041 | 1,035,526 |
| Amounts owed by undertakings in which the company has a participating interest | 59,008 | 57,513 |
| Other debtors | 123,536 | 104,872 |
| Pension prepayment | 12,442 | 10,493 |
| Prepayments and accrued income | 86,302 | 88,909 |
| | <u>1,392,329</u> | <u>1,297,313</u> |

Brightwells Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2007

12 CREDITORS Amounts falling due within one year

| | 2007 | 2006 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Bank overdrafts | 1,389,234 | 1,356,995 |
| Trade creditors | 17,958 | 107,644 |
| Corporation tax | 94,178 | 65,382 |
| Other taxation and social security | 522,241 | 307,120 |
| Other creditors | 1,297,286 | 1,443,660 |
| Accruals and deferred income | 827,264 | 1,255,172 |
| | <u>4,148,161</u> | <u>4,535,973</u> |

13 DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

| | 2007 | 2006 |
|--|---------------|---------------|
| | £ | £ |
| Provision brought forward | 42,684 | 38,996 |
| Profit and loss account movement arising during the year | 19,331 | 3,688 |
| Provision carried forward | <u>62,015</u> | <u>42,684</u> |

The provision for deferred taxation consists of the tax effect of timing differences in respect of

| | 2007 | 2006 |
|---|---------------|---------------|
| | £ | £ |
| Excess of taxation allowances over depreciation on fixed assets | 62,015 | 42,684 |
| | <u>62,015</u> | <u>42,684</u> |

14 PENSION COMMITMENTS

The major assumptions used by the actuary for the 31 December 2007 Financial Reporting Standard 17 valuation were as follows

| | 2007 | 2006 | 2005 |
|---|------|------|------|
| | % | % | % |
| Rate of increase in salaries | 3.0 | 4.0 | 4.0 |
| Rate of increase in pensions in payment | 3.0 | 3.0 | 3.0 |
| Discount rate | 6.0 | 5.0 | 5.0 |
| Inflation assumption | 3.0 | 3.0 | 3.0 |

Brightwells Limited
NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 December 2007

14 PENSION COMMITMENTS *(continued)*

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are

| | | 2007 | | 2006 | | 2005 |
|-------------------------------------|---|-------------|---|-------------|---|-------------|
| | Long-term rate of return expected % | Value £ | Long-term rate of return expected % | Value £ | Long-term rate of return expected % | Value £ |
| Equities | 8.0 | 1,888,000 | 6.0 | 1,793,000 | 6.0 | 2,449,000 |
| Bonds | 6.0 | 567,000 | 5.0 | 341,000 | 5.0 | 136,000 |
| Property | 8.0 | 30,000 | 6.0 | 83,000 | 6.0 | 75,000 |
| Others | 5.0 | 182,000 | 5.0 | 947,000 | 5.0 | 1,364,000 |
| Total market value of assets | | 2,667,000 | | 3,164,000 | | 4,024,000 |
| Present value of scheme liabilities | | (3,139,000) | | (3,843,000) | | (6,266,000) |
| Deficit in the scheme | | (472,000) | | (679,000) | | (2,242,000) |
| Related deferred tax asset | | 109,000 | | 129,000 | | 426,000 |
| Net pension liability | | (363,000) | | (550,000) | | (1,816,000) |

An analysis of the movements in surplus/(deficit) during the year are shown below

| | 2007 £ | 2006 £ |
|---------------------------|-----------|-------------|
| At 1 January | (679,000) | (2,242,000) |
| Total operating charge | (52,000) | (125,000) |
| Total other finance costs | (13,000) | (55,000) |
| Actuarial gain | 48,000 | 1,533,000 |
| Contributions | 224,000 | 210,000 |
| At 31 December | (472,000) | (679,000) |

An analysis of the defined benefit cost follows

Analysis of the amount charged to operating profit

| | 2007 £ | 2006 £ |
|------------------------|-----------|-----------|
| Current service cost | (52,000) | (125,000) |
| Total operating charge | (52,000) | (125,000) |

Analysis of the amount charged to finance costs

| | 31 December 2007 £ | 31 December 2006 £ |
|---|-----------------------|-----------------------|
| Expected return on assets in the scheme | 169,000 | 188,000 |
| Interest costs | (182,000) | (243,000) |
| Total finance costs | (13,000) | (55,000) |

Brightwells Limited

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 December 2007

14 PENSION COMMITMENTS *(continued)*

Analysis of the amount recognised in statement of total recognised gains and losses

| | 31 December 2007 | 31 December 2006 |
|---|------------------|------------------|
| | £ | £ |
| Difference between expected and actual return on assets | (31,000) | 129,000 |
| Experience gains/(losses) arising from scheme liabilities | (283,000) | 495,000 |
| Effect of changes in assumptions underlying the present value of scheme liabilities | 362,000 | 909,000 |
| Actuarial gains | <u>48,000</u> | <u>1,533,000</u> |

A history of experience gains and losses is shown below

| | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|-----------|-----------|----------|-----------|----------|
| Difference between the expected and actual return on scheme assets | | | | | |
| - amount (£) | (31,000) | 129,000 | 517,000 | 108,000 | 236,000 |
| - % of scheme assets | (1) | 4 | 13 | 3 | 9 |
| Experience (losses)/gains on scheme liabilities | | | | | |
| - amount (£) | (283,000) | 495,000 | (47,000) | (254,000) | (30,000) |
| - % of the present value of scheme liabilities | (9) | 13 | (1) | (5) | (1) |
| Total amount recognised in statement of total recognised gains and losses | | | | | |
| - amount (£) | 48,000 | 1,533,000 | (91,000) | (53,000) | (99,000) |
| - % of the present value of scheme liabilities | 2 | 40 | (1) | (1) | (2) |

15 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

| | 2007 | | 2006 | |
|-------------------------------|--------------------|----------|--------------------|--------------|
| | Land and buildings | Other | Land and buildings | Other |
| | £ | £ | £ | £ |
| Operating leases which expire | | | | |
| Within 1 year | - | - | 70,000 | 2,850 |
| Within 2 to 5 years | 25,600 | - | 25,600 | - |
| After more than 5 years | 5,000 | - | 5,000 | - |
| | <u>30,600</u> | <u>-</u> | <u>100,600</u> | <u>2,850</u> |

Brightwells Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2007

16 SHARE CAPITAL

| | 2007 £ | 2006 £ |
|--|--------------|--------------|
| Authorised 30,000 Ordinary shares of £0.05 each | <u>1,500</u> | <u>1,500</u> |
| | 2007 £ | 2006 £ |
| Allotted, called up and fully paid 29,500 Ordinary shares of £0.05 each | <u>1,475</u> | <u>1,475</u> |

17 SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year

18 PROFIT AND LOSS ACCOUNT

| | 2007 £ | 2006 £ |
|--|------------------|------------------|
| At 1 January 2007 | 2,213,843 | 756,557 |
| Retained profit for the financial year | 603,008 | 221,286 |
| Defined pension benefit scheme | 28,000 | 1,236,000 |
| At 31 December 2007 | <u>2,844,851</u> | <u>2,213,843</u> |

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2007 £ | 2006 £ |
|--|------------------|------------------|
| Profit for the financial year | 603,008 | 221,286 |
| Actuarial gain/(loss) in respect of defined benefit pension scheme | 28,000 | 1,236,000 |
| Net addition to shareholders' funds | 631,008 | 1,457,286 |
| Opening shareholders' funds | 2,340,093 | 882,807 |
| Closing shareholders' funds | <u>2,971,101</u> | <u>2,340,093</u> |

20 CASH FLOWS

a Reconciliation of operating profit to net cash inflow from operating activities

| | 2007 £ | 2006 £ |
|--|------------------|----------------|
| Operating profit | 336,897 | 263,101 |
| Depreciation | 50,415 | 71,217 |
| Increase in stocks | (1,695) | (166) |
| Increase in debtors | (93,067) | (509,524) |
| (Decrease)/increase in creditors | (302,473) | 914,677 |
| Provision for service cost of defined benefit pension scheme | 52,000 | 125,000 |
| Defined benefit pension scheme contributions paid | (224,000) | (210,000) |
| Net cash (outflow)/inflow from operating activities | <u>(181,923)</u> | <u>654,305</u> |

Brightwells Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2007

20 CASH FLOWS *(continued)*

b RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

| | 2007 | 2006 |
|---|---------|-----------|
| | £ | £ |
| Increase in cash in the period | 32,944 | 1,466,143 |
| Net outflow from/(inflow) from other short-term creditors | | (733,760) |
| MOVEMENT IN NET FUNDS IN THE PERIOD | 32,944 | 1,466,143 |
| NET FUNDS AT 1 JANUARY 2007 | 700,265 | (32,118) |
| NET FUNDS AT 31 DECEMBER 2007 | 879,583 | 700,265 |

c Analysis of net funds

| | At 1 Jan 2007 | Cash flows | At 31 Dec 2007 |
|--------------------------|------------------|------------|-------------------|
| | £ | £ | £ |
| Cash in hand and at bank | 3,500,920 | 65,183 | 3,566,103 |
| Overdrafts | (1,356,995) | (32,239) | (1,389,234) |
| | 2,143,925 | 32,944 | 2,176,869 |
| Debt due within 1 year | (1,443,660) | 146,374 | (1,297,286) |
| Total | 700,265 | 179,318 | 879,583 |