

Fogarty Limited

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Registered Office
Havenside
Boston
Lincolnshire
PE21 0AH

FRIDAY



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15/06/2007
COMPANIES HOUSE

Registered No 2524980

Fogarty Limited

Company Information

Directors	Tim Lawrence John Szymkiw Graeme Strachan Barry Roe Stewart MacDonald	(Non-Executive Chairman) (Managing) (Operations) (Finance) (Logistics & Buying)
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Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP
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Auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
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Fogarty Limited

Report of the Directors

The Directors present their Report and the Accounts of the Company for the year ended 30 September 2006

BUSINESS REVIEW

The Company's principal business is that of the manufacture of soft home furnishing products

In the face of demanding market conditions, the Company has successfully maintained turnover at a level with the previous year. Both turnover and gross margin are viewed as key performance indicators for the Company, and the gross margin has seen an increase in the year.

The Company continues to place customer service at the head of its schedule of corporate objectives, and this strategy of providing superior service will drive the Company towards its anticipated future success.

FUTURE DEVELOPMENTS

The Company continues to develop its product range to bring about improvements in future profitability.

RESULTS

2006	2005
	As Restated
£000	£000

The results for the Company are set out in summary as follows

Turnover	21,230	21,656
	=====	=====
Profit/(Loss) on ordinary activities after tax	51	(118)
	=====	=====

Fogarty Limited

Report of the Directors Continued

DIRECTORS

The Directors of the Company who served during the year, together with their beneficial interests in the Share Capital of the Company were as follows

		Ordinary Shares of 50p Each at 30 September	
		2006	2005
T W Lawrence		---	---
J Szymkiw		---	---
D G Strachan		---	---
J G Sproul	(Resigned 1 September 2006)	---	---
B S Roe		---	---
S G MacDonald		---	---

The Directors' shareholdings in the ultimate controlling company, Fogarty Holdings Limited, are disclosed in the Consolidated Group Accounts

DIVIDENDS

The Directors do not recommend a dividend in respect of the year (2005 £Nil)

FIXED ASSETS

Movements in fixed assets are set out in Note 7 to the Accounts

Fogarty Limited

Report of the Directors Continued

BASIS OF ACCOUNTS PREPARATION

After making enquiries, the Directors have formed a judgment, at the time of approving the Accounts, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the Accounts.

ACCOUNTING TREATMENT OF RETIREMENT BENEFITS

The Company is the principal employer of a defined benefit Pension Scheme. In accordance with the required timetable, the provisions of Financial Reporting Standards 17 "Retirement Benefits" have been applied. This change significantly affects the disclosure of the Net Assets of the Company, with the pension deficit now being shown on the Balance Sheet. The Net Assets of the Company have been reduced by £3,552,000 since the last Annual Report as a result of this. The comparative figures for the year ended 30 September 2005 have been restated accordingly.

EMPLOYEES

The Company employs a small number of disabled people and will continue to do so wherever possible, through recruitment, by retention of persons who become disabled during service and by appropriate training, career development and promotion. The Company endeavours to keep all employees informed of the progress and development of the business.

Fogarty Limited seeks to ensure that all employees, job applicants and prospective job applicants, are afforded equality of job opportunity in all areas of employment.

The Company's Health & Safety Policy fully recognises the Company's responsibility for the health and safety of employees and members of the community in which they work.

The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees, and on various matters affecting the performance of the Company.

Fogarty Limited

Report of the Directors Continued

ENVIRONMENTAL POLICY

The Company is committed to adopting a responsible approach to environmental matters

The Management of the Company seeks to minimise any adverse impact on the environment from all aspects of the Company's operations by means of environmentally sound disciplines, which take practical steps to control effectively or eliminate any known pollution risks, without entailing excessive cost. Specifically, capital expenditure is directed towards the replacement of hazardous materials with environmentally friendly alternatives and methods of minimising the environmental costs of disposal of toxic waste, the recycling of wood, the re-use of cardboard and paper products, and the reduction of energy consumption

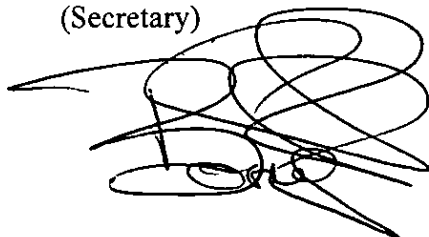
PAYMENTS TO SUPPLIERS

The Company agrees terms and conditions for its business transactions with suppliers. Payment is made on those terms subject to the terms and conditions being met by the supplier

AUDITOR

A resolution proposing the re-appointment of KPMG LLP as Auditor is to be proposed at the forthcoming Annual General Meeting

By order of the Board
B S Roe, A.C.A.
(Secretary)

A handwritten signature in black ink, appearing to be 'B S Roe', with a large, stylized flourish extending to the left.

Havenside
Boston, Lincolnshire

Date 8 December 2006

Fogarty Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Director's 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 they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK 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 period

In preparing these Financial Statements, the Directors are required to.

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements, and
- 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 its Financial Statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparing and dissemination of Financial Statements may differ from legislation in other jurisdictions

Independent Auditor's Report To The Members of Fogarty Limited

KPMG LLP
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

We have audited the Financial Statements of Fogarty Limited for the year ended 30 September 2006 which comprise the Profit & Loss Account, the Balance Sheet, the Statement of Total Recognised Gains & Losses and the related Notes. 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 DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Financial Statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statements of Directors' responsibilities on page 6.

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 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.

Independent Auditor's Report To The Members of Fogarty Limited

BASIS OF AUDIT OPINION

We conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the Accounting Policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

OPINION

In our opinion

- the Financial Statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2006 and of its profit for the year then ended
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the Financial Statements



KPMG LLP

Chartered Accountants
Registered Auditor
Nottingham

Date 8 December 2006

Fogarty Limited

**Profit and Loss Account
Year Ended 30 September 2006**

		2006	2005
	Notes	£000	As Restated £000
Turnover	2	21,230	21,656
Cost of sales		(19,819)	(20,504)
		<hr/>	<hr/>
Gross Profit		1,411	1,152
Administrative expenses		(1,162)	(1,042)
		<hr/>	<hr/>
Operating Profit	3	249	110
Interest payable and similar charges	5	(3)	(12)
Other finance costs	5	(202)	(180)
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation		44	(82)
Tax on Profit/(Loss) on ordinary activities	6	7	(36)
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities for the financial year	15	51	(118)
		<hr/> <hr/>	<hr/> <hr/>

In both the current and the preceding year the Company made no material acquisitions and had no discontinued operations

Movements on reserves are set out in notes 15 and 16 to the Accounts

The 2005 comparative figures have been restated following adoption of FRS 17 "Retirement Benefits" (Note 18)

Fogarty Limited

**Statement of Total Recognised
Gains And Losses
Year Ended 30 September 2006**

Statement of Total Recognised Gains and Losses:

	2006	2005
	£000	As Restated £000
Profit/(Loss) for the financial year (Note 15)	51	(118)
Actuarial gain/(loss) recognised in the Pension Scheme	505	(1,555)
Movement on deferred tax asset relating to Pension Scheme	(151)	468
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	405	(1,205)
Prior year adjustment - FRS 17	(3,554)	---
Total Gains and Losses recognised since last Annual Report	<hr/> <u>(3,149)</u> <hr/>	<hr/> <u>(1,205)</u> <hr/>

**Analysis of Actuarial Gain/(Loss) Recognised in the
Statement of Total Recognised Gains and Losses:**

	2006	2005
	£000	As Restated £000
Actuarial return less expected return on assets	525	1,490
Experience gains and losses on liabilities	14	---
Changes in financial assumptions	(34)	(3,045)
	<hr/>	<hr/>
Actuarial Gain/(Loss) recognised in Statement above	<hr/> <u>505</u> <hr/>	<hr/> <u>(1,555)</u> <hr/>

There is no difference between the reported loss on ordinary activities before taxation and the result derived on a historical cost basis

Fogarty Limited

Balance Sheet

As at 30 September 2006

		2006	2006	2005	2005
	Notes	£000	£000	As Restated £000	As Restated £000
Fixed Assets					
Tangible assets	7		689		1,048
Current Assets					
Stocks	8	334		442	
Debtors	9	341		10	
Cash at bank and in hand		2		2	
		<u>677</u>		<u>454</u>	
Creditors:					
Amounts falling due within one year	10	(220)		(341)	
Net Current Assets			457		113
Total Assets Less Current Liabilities			<u>1,146</u>		<u>1,161</u>
Creditors:					
Amounts falling due after more than one year	11		(1,700)		(1,700)
Provisions for Liabilities and Charges	12		(67)		(92)
Net Assets Excluding Pension Liability			<u>(621)</u>		<u>(631)</u>
Pension Deficit	18		(3,230)		(3,625)
NET LIABILITIES INCLUDING PENSION LIABILITY			<u>(3,851)</u>		<u>(4,256)</u>
Capital and Reserves					
Called up Share Capital	13		683		683
Share Premium Account	14		158		158
Profit and Loss Account	15		(4,692)		(5,097)
EQUITY SHAREHOLDERS' DEFICIT	16		<u>(3,851)</u>		<u>(4,256)</u>

Approved by the Board of Fogarty Limited
and signed on its behalf on 8 December 2006

John Szymkiw

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Directors

Barry Roe

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Fogarty Limited

Notes to the Accounts Year Ended 30 September 2006

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements, except as noted below -

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the Balance Sheet date',
- the presentation requirements of FRS 25 'Financial instruments presentation and disclosure', and
- FRS 28 'Corresponding amounts',
- FRS 17 'Retirement Benefits'

The corresponding amounts in these financial statements are restated in accordance with the new policies

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption

The adoption of FRS 21 'Events after the Balance Sheet date', and FRS 28 'Corresponding amounts' has resulted in no impact on either the current or prior year results

Under the presentation requirements of FRS 25 'Financial instruments presentation and disclosure' redeemable preferred ordinary shares of £1 each issued in 1990 have been classified as financial liabilities. This has resulted in a reduction in net assets of £1,700,000 as at 30 September 2005 and 30 September 2006. No dividends have been declared or paid in respect of the shares (2005 £Nil)

FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

The recognition and measurement requirements of FRS 17 'Retirement Benefits' have also been adopted, previously only the transitional disclosures of the standard have been followed. The effect of fully adopting FRS 17 is set out in the note 18

(a) Accounting convention:

The Accounts are prepared under the historic cost convention. The Accounts have been prepared in accordance with applicable accounting standards

Fogarty Limited

Notes to the Accounts Continued Year Ended 30 September 2006

- (b) **Turnover:**
Turnover represents net sales from ordinary activities invoiced to customers, excluding sales-related taxes
- (c) **Segmental Analysis:**
The Directors are of the opinion that there is only one business segment
- (d) **Stocks:**
Work in progress is valued at the lower of cost and net realisable value. Cost includes an appropriate proportion of production related overheads
- (e) **Depreciation:**
Depreciation is provided, on a straight-line basis, to write down tangible fixed assets to their estimated residual values over their estimated useful lives, the principal annual depreciation rates used being
- | | | |
|---------------------|---|---------------------------------------|
| Plant and equipment | - | 5% - 33 ¹ / ₃ % |
|---------------------|---|---------------------------------------|
- (f) **Taxation:**
The charge or credit for taxation is based on the results for the year as adjusted for disallowable items and the prevailing Corporation Tax rate. Deferred taxation is provided for using the full provision method in accordance with Financial Reporting Standard 19 'Deferred Taxation'. Deferred tax assets are recognised to the extent that the Directors regard them as recoverable
- (g) **Foreign Currencies:**
Exchange differences arising from normal trading activities are included in the results on ordinary activities. Assets and Liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date, or the contract rate when covered by a forward contract
- (h) **Leased Assets:**
Assets held under finance lease arrangements are capitalised as tangible fixed assets. Obligations under such agreements are stated net of finance charges allocated to future years. The finance element of the lease instalments payable is taken to the Profit and Loss Account over the year of the lease, and is calculated so that the annual rate of charge on the capital element outstanding is constant
- Expenditure on operating leases is charged to the Profit and Loss Account in the year in which it is incurred
- (i) **Product Development:**
Expenditure on product development is charged to the Profit and Loss Account in the year in which it is incurred

Fogarty Limited

Notes to the Accounts Continued Year Ended 30 September 2006

(j) **Pension Costs:**

The Company operated a final salary pension scheme, which continues to be externally administered, and the Assets of the Scheme are held separately from those of the Group. The Scheme closed in respect of future benefits for employees on 30 April 2002. The Group has applied financial Reporting Standard 17 "Retirement Benefits" in respect of pension contributions.

The Pension Scheme deficit is recognised in full and presented on the face of the Balance Sheet (Note 18). The movement in the Scheme deficit is split between operating charges, financing items and, in the Statement of Recognised Gains and Losses, Actuarial Gains and Losses.

(k) **Cashflow Statement:**

The Company has taken advantage of the Financial Reporting Standard 1 (Cash Flow Statement (Revised) 1996) not to produce a Cash Flow Statement as it is a wholly owned subsidiary of Fogarty Holdings Limited, which discloses a Cash Flow Statement for the Group.

(l) **Dividends on shares presented within shareholders' funds/(deficit):**

Dividends unpaid at the Balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the Notes to the Financial Statements.

2. ANALYSIS OF TRADING

Turnover by geographical market	2006 £000	2005 £000
United Kingdom	21,230	21,656

Turnover and profit/loss before taxation relates wholly to the Company's principal activity.

3. OPERATING PROFIT

Operating Profit is stated	2006 £000	2005 £000
after charging		
Other pension costs	140	75
Depreciation		
- Owned Assets	189	227
- Leased Assets	22	22
Auditor's remuneration		
- Audit Fees	17	16
- Non Audit Fees (taxation)	---	---
Operating lease rentals		
- Plant and Machinery	---	107
Loss on disposal of tangible fixed assets	---	3

Fogarty Limited

Notes to the Accounts Continued Year Ended 30 September 2006

	2006	2005
(b) The aggregate remuneration of all employees comprised	£000	As Restated £000
Wages and salaries	5,296	5,313
Social security costs	478	484
	<u>5,774</u>	<u>5,797</u>
(c) Amounts paid in respect of the services of Directors comprised	2006 £000	2005 £000
Management remuneration	---	---
	<u>---</u>	<u>---</u>
(d) Emoluments (excluding pension contributions) of	2006 £000	2005 £000
Highest paid Director	---	---
	<u>---</u>	<u>---</u>

- (e) Four Executive Directors of the Company have benefits accrued under the Company's defined benefit Pension Scheme (2005 Five), no money purchase Pension Scheme being operated by the Company. The Company's defined benefit Pension Scheme was closed in respect of further accruals of benefit for all employees on 30 April 2002.

The Company has no long-term incentive scheme for Directors and therefore no sums of money were paid to or receivable by, Directors under such Schemes.

No increases have occurred in retirement benefits to Directors or past Directors in excess of the amounts to which they were entitled when the benefits became payable.

5. INTEREST AND FINANCE COSTS

(a) Interest payable and similar charges	2006 £000	2005 £000
Interest paid on all other loans	<u>3</u>	<u>12</u>

Fogarty Limited

Notes to the Accounts Continued
Year Ended 30 September 2006

	2006	2005
		As Restated
	£000	£000
(b) Other finance costs		
Expected return on pension scheme assets	(860)	(810)
Interest on pension scheme liabilities	1,062	990
	<u>202</u>	<u>180</u>

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of credit/(charge) for the year	2006	2005
	£000	£000
Current Tax		
United Kingdom Corporation Tax on the profits for the year at 30% (2005 30%)	---	---
Total current tax	<u>---</u>	<u>---</u>
Deferred tax		
Deferred tax (charge)/credit		
Relating to operating activities	25	7
Relating to Pension Scheme deficit	(18)	(43)
Total deferred tax	<u>7</u>	<u>(36)</u>
Tax credit/(charge) on loss on ordinary activities	<u>7</u>	<u>(36)</u>

- (b) Factors affecting the tax charge for the current year. The current tax charge for the year is lower (2005 higher) than the standard rate of Corporation Tax in the United Kingdom 30% (2005 30%). The differences are explained below

	2006	2005
	£000	£000
Current Tax Reconciliation		
Profit/(Loss) on ordinary activities before tax	<u>44</u>	<u>(82)</u>

Fogarty Limited

Notes to the Accounts Continued Year Ended 30 September 2006

	2006 £000	2005 £000
Profit on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 30% (2005 30%)	13	(24)
Effects of		
Permanent differences	(17)	1
Excess of depreciation over capital allowances	27	6
Other timing differences	(12)	(1)
Group relief not paid for	7	61
FRS 17 pension adjustment	(18)	(43)
	<u>---</u>	<u>---</u>
	<u>=====</u>	<u>=====</u>

7. TANGIBLE FIXED ASSETS

(a) The movement in the year was as follows -

	Plant & Equipment £000
Cost	
At 1 October 2005	4,258
Additions	---
Disposals	(610)
	<u>3,648</u>
At 30 September 2006	<u>=====</u>
Depreciation	
At 1 October 2005	3,210
Charge for the year	211
Disposals	(462)
	<u>2,959</u>
At 30 September 2006	<u>=====</u>
Net Book Value	
At 30 September 2006	689
	<u>=====</u>
At 30 September 2005	<u>1,048</u>
	<u>=====</u>

Fogarty Limited**Notes to the Accounts Continued
Year Ended 30 September 2006**

(b)	Plant and equipment includes items held under finance leases and Lease Purchase Agreements -	2006 £000	2005 £000
	Cost as at 30 September	507	507
	Accumulated Depreciation	(412)	(391)
	Net book value at 30 September	<u>95</u>	<u>116</u>

The depreciation charge for the year was £21,581 (2005 £21,585)

8. STOCKS

	2006 £000	2005 £000
Work in progress	334	442

9. DEBTORS

	2006 £000	2005 £000
Amounts owed by Group undertakings	337	8
Other debtors	4	2
	<u>341</u>	<u>10</u>

All debtors are due within one year

10. CREDITORS

Amounts falling due within one year	2006 £000	2005 £000
Amounts owed to Group undertakings	33	129
Other taxation and social security	133	152
Other creditors	50	55
Accruals and deferred income	4	5
	<u>220</u>	<u>341</u>

Fogarty Limited**Notes to the Accounts Continued
Year Ended 30 September 2006****11. CREDITORS**

Amounts falling due after more than one year

	2006	2005
	As Restated	
	£000	£000
Shares issued in 1990 classified as liabilities (Note 13)	1,700	1,700

12. PROVISIONS FOR LIABILITIES AND CHARGES**(a) Deferred Tax Provision**

	Deferred Tax
	£000
As at 1 October 2005	92
Net charge to Profit & Loss Account	(25)
As at 30 September 2006	<u>67</u>

(b) Movement on Deferred Tax

	2006
	£000
Difference between accumulated depreciation and capital allowances	63
Other timing differences	4
As at 30 September 2006	<u>67</u>

(c) Deferred Taxation Relating to Pension Scheme DeficitDeferred taxation relating to the Pension Scheme deficit
is made up as follows -

	2006	2005
	£000	£000
As at 1 October	1,553	1,130
Movement in the Profit and Loss Account	(18)	(44)
Movement in the Statement of Total Recognised Gains and Losses	(151)	467
As at 30 September	<u>1,384</u>	<u>1,553</u>

Fogarty Limited

Notes to the Accounts Continued Year Ended 30 September 2006

13. SHARE CAPITAL

	2006 £	2005 £
(a) Ordinary		
(i) Authorised 75,000 Ordinary shares of 50 pence each	<u>£37,500</u>	<u>£37,500</u>
Issued and fully paid 66,665 Ordinary shares of 50 pence each	<u>£33,332</u>	<u>£33,332</u>
(ii) Authorised 7,300,000 'A' Ordinary shares of 50 pence each	<u>£3,650,000</u>	<u>£3,650,000</u>
Issued and fully paid 1,300,000 'A' Ordinary shares of 50 pence each	<u>£650,000</u>	<u>£650,000</u>
(b) Redeemable Preferred Ordinary Shares of £1 each		
(i) Authorised, issued and fully paid 1,700,000 shares of £1 each	<u>£1,700,000</u>	<u>£1,700,000</u>

The Redeemable Preferred Ordinary Shares carry no rights to dividends and are redeemable in full on 31 December 2007, redemption rights relating to 31 December 2006 having been waived. The Shares may also be redeemed at any other time nominated by the Company with the consent of the shareholders.

On a winding up of the Company the holders of the shares are entitled, in priority to all other shareholders, to be paid the subscription price of the shares from surplus assets remaining. After any payment of the subscription price of the Ordinary Shares, the redeemable preferred Ordinary shareholders rank *pari passu* in all respects with ordinary shareholders.

The shares carry voting rights only when the most recent Audited Accounts of the Company show a loss before taxation.

In accordance with the provisions of FRS 25 'Financial Instruments', the Redeemable Preferred Ordinary Shares issued in 1990, have been classified as creditors due in more than one year (Note 11).

Fogarty Limited

Notes to the Accounts Continued
Year Ended 30 September 2006

14. SHARE PREMIUM ACCOUNT

	2006	2005
	£000	£000
As at 1 October	158	158
As at 30 September	<u>158</u>	<u>158</u>

15. STATEMENT OF UNAPPROPRIATED PROFITS

	2006
	£000
As at 1 October – as originally stated	(1,543)
Prior year adjustment – FRS 17	(3,554)
	<u>(5,097)</u>
Profit for the financial year	51
Actuarial Gain recognised	505
Deferred tax charge relating to Pension Scheme deficit	(151)
Profit and Loss Reserve	<u>(4,692)</u>

The prior year adjustment relates to the implementation of Financial Reporting Standard 17, "Retirement Benefits". The adoption of FRS 17 has resulted in a reduction in reported profit before taxation for 2005 of £138,000. In addition the profit for the year is £163,000 lower than would have been the case had FRS 17 not been adopted.

The Profit & Loss Reserve includes a deficit of £3,230,000 (2005 as restated, a deficit of £3,625,000) in respect of pension scheme deficits.

Fogarty Limited

Notes to the Accounts Continued Year Ended 30 September 2006

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/DEFICIT

	2006 £000	2005 £000
Profit/(Loss) for the financial year	51	(118)
Actuarial gain/(loss) recognised in Statement of recognized Gains and Losses	505	(1,555)
Deferred tax charge relating to the Pension Scheme deficit	(151)	468
Net additions to/(deductions from) shareholders' funds	405	(1,205)
Opening shareholders' funds as previously stated	(702)	1,020
Prior year adjustment (Note 15) relating to FRS 17	(3,554)	(2,371)
Prior year adjustment (Note 1) relating to FRS 25	---	(1,700)
Opening shareholders' deficit as restated	(4,256)	(3,051)
Closing shareholders' deficit	(3,851)	(4,256)

17. CAPITAL COMMITMENTS

There were no capital commitments as at 30 September 2006 (2005 £Nil)

18. PENSION ARRANGEMENTS

Fogarty Limited operated a Pension Scheme providing benefits based on the final pensionable earnings. The Scheme is funded with the assets being held by the Trustees separately from the assets of the employer. Following the termination of pensionable service on the closure of the Scheme in respect of future accrual of benefits on 30 April 2002, benefits are determined based on pensionable earnings at that date. A full Actuarial Valuation of the Scheme was carried out at 1 May 2005 and updated to 30 September 2006 by a qualified Independent Actuary. No benefits accrued to Members of the Scheme over the year ended 30 September 2006 as the Scheme is closed. The major assumptions used by the Actuary were (in nominal terms)

	2006 Projected Unit	2005 Projected Unit	2004 Projected Unit
Valuation method	5.2%	5.1%	5.7%
Discount rate	2.7%	2.5%	2.75%
Inflation rate	2.7%	2.5%	2.75%
Increase to deferred benefits during deferment	2.7%	2.5%	2.75%
Increases to pensions in payment	2.7%	2.5%	2.75%
Salary increase	---	---	---

Fogarty Limited

Notes to the Accounts Continued Year Ended 30 September 2006

Assets in the Scheme and the expected rate of return were -

	Long Term Rate of Return Expected at 30 September			Value at 30 September 2006 £000	Value at 30 September 2005 £000	Value at 30 September 2004 £000
	2006	2005	2004			
Equities	7.0%	7.0%	7.5%	8,080	7,109	5,692
Gilts	4.2%	4.2%	4.8%	8,877	8,835	8,163
Cash	3.5%	3.5%	4.0%	56	---	---
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total market value of assets				17,013	15,944	13,855
Present value of Scheme Liabilities				(21,627)	(21,122)	(17,624)
Deficit in the Scheme				(4,614)	(5,178)	(3,769)
Related deferred Tax Asset				1,384	1,553	1,131
Net Pension Liability				<u>(3,230)</u>	<u>(3,625)</u>	<u>(2,638)</u>

Analysis of the Amount Charged to Operating Profit:

	2006 £000	2005 £000
Scheme administration charge	(140)	(75)
Past service cost	---	---
Total operating charge	<u>(140)</u>	<u>(75)</u>

Analysis of Net Return on Pension Scheme:

	2006 £000	2005 £000
Other finance costs (Note 5)	<u>(202)</u>	<u>(180)</u>

Analysis of Amount recognised in Statement of Total recognised Gains and Losses (STRGL)

	2006 £000	2005 £000
Net Gain/(Loss) recognised	<u>505</u>	<u>(1,555)</u>

Fogarty Limited

Notes to the Accounts Continued Year Ended 30 September 2006

Movement in Deficit During the Year:

	2006 £000	2005 £000
Deficit in scheme at beginning of year	(5,178)	(3,769)
Movements in year		
Scheme administration charge	(140)	(75)
Contributions	401	401
Past service costs	---	---
Net finance costs	(202)	(180)
Actuarial gain/(loss)	505	(1,555)
Deficit in Scheme at year end	<u>(4,614)</u>	<u>(5,178)</u>

History of experience Gains and Losses -

	2006 £000	2005 £000	2004 £000	2003 £000	2002 £000
Difference between the expected and the actual return on Scheme Assets					
Amount	525	1,490	409	279	(863)
Percentage of scheme assets	3%	9%	3%	2%	7%
Experience Gains and Losses on Scheme Liabilities					
Amount	14	0	0	25	(340)
Percentage of the present value of Scheme Liabilities	0%	0%	0%	0%	200%
Total amount recognised in Statement of Total recognized Gains and Losses					
Amount	505	(1,555)	(215)	(691)	(1,330)
Percentage of the present value of the Scheme Liabilities	2%	7%	1%	4%	9%

19. CONTINGENT LIABILITIES

	2006 £000	2005 £000
Invoice discounting guarantees in respect of fellow subsidiaries of Fogarty Holdings Limited	3,839	3,248
Other	72	29
Contingent liability in respect of finance lease liabilities transferred to Fogarty (Filled Products) Limited	9	23
	<u>3,920</u>	<u>3,300</u>

Fogarty Limited

Notes to the Accounts Continued Year Ended 30 September 2006

The Company is a member of a VAT Group which comprises Fogarty Holdings Limited and its subsidiaries. As such it has jointly guaranteed the VAT liability of all Fogarty Holdings Limited Group Companies such that failure by other Group members to make payment may give rise to additional liabilities by the Company. The Directors are of the opinion that no additional liability is likely to arise.

Fogarty Limited is a party to cross guarantees in respect of banking facilities provided to the members of the Fogarty Holdings Limited Group. A fellow subsidiary has made use of derivative financial instruments to hedge Balance Sheet exposure in foreign currency. Such contracts are in place for a sterling value of £3,450,000 in relation to contracts maturing in the period up to July 2007, no contracts expiring after that date.

20. ANNUAL OPERATING LEASE COMMITMENTS

	2006	2005
	£000	£000
Operating leases all relating to Plant and Equipment, which expire -		
Within one year	---	18
Between two and five years	52	52
	<u>52</u>	<u>70</u>
	=====	=====

21. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption contained within Financial Reporting Standard 8, and has therefore not disclosed transactions or balances with entities that form part of the Group.

22. ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent Company is Fogarty Holdings Limited, a Company incorporated in Great Britain and registered in England and Wales. Copies of the Accounts of the parent undertaking can be obtained from the Registered Office of Fogarty Holdings Limited at Havenside, Boston, Lincolnshire, PE21 0AH.