

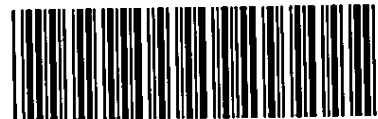
Clytha Holdings Limited

**Directors' report and consolidated
financial statements**

Registered Number 2543555

30 June 2007

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Company information

Directors:	D Senior SOL Jonsson SJ Wightman D Fletcher
Company secretary:	J Hopkins
Registered office:	Eland Road Denaby Main Doncaster DN12 4HA
Registered number:	2543555 (England and Wales)
Auditors:	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
Bankers:	HSBC P O Box 50 17 Church Street Sheffield S1 1HH
Solicitors:	HLW Commercial House Commercial Street Sheffield S1 2AT

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2007

Principal activities

The company's principal activity is that of a holding company. Through its subsidiary undertakings, it carries on the business of specialist aluminium product design and development, aluminium and hardware stockholders and electrostatic powder coating.

The Directors are pleased to report an increase in turnover from £17.5m to £22.3m. This continues the encouraging trend of the last three years.

The additional Turnover resulted from a combination of increased market share and a buoyant market.

More customers decided to make use of the Company's on site powder coating plant during the year improving the added value of the product mix.

Customer service and product quality improved during the year resulting in an increase in market share.

Volume was further enhanced by sales to PFI schemes for schools, it is anticipated that this trend will continue next year and beyond.

Aluminium price stabilised after the second quarter and the first half years' increases were passed on to our customers.

Increased Turnover and higher value added products resulted in profit before tax increasing to £1,399,795 (2006 £652,962).

Profit would have been better but for bad debts of £453,000, but bad debts are a feature of the sector and have been exacerbated by cost increases and in some cases overtrading. We have reviewed our credit control procedures and continue to monitor debtors closely.

During the year the company took out a lease on an adjacent building with capacity of 49,000 sq ft. The despatch and stockholding was moved to the new facility increasing capacity and improving service. This in turn gave space to incorporate additional facilities for an additional polyamide line. It also provided further increased capacity for painting both our own and external products. Some disruption and additional temporary cost did occur which was absorbed in the year. An additional loan facility was made available from HSBC to finance the new investments and to repay the loan from SYIF early.

The market place remains buoyant and the Directors anticipate that the Company's performance will continue to improve through the next 12 months.

Proposed dividend

An interim dividend of £54,095 was paid in August 2006. The directors do not recommend any further dividend.

Directors and directors' interests

The directors who held office during the period were as follows:

D Senior
SOL Jonsson
SJ Wightman
D Fletcher

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The directors who held office at the end of the financial period had the following interests in the shares of the company

	2007	2006
A shares of £1		
D Senior	3000	3,000
SOL Jonsson	7500	7,500
C preference shares of £1		
D Senior	17500	17,500
SOL Jonsson	17500	17,500
E shares of £1		
SJ Wrightman	319	319

None of the other directors who held office at the end of the financial period had any interest in the shares of the company

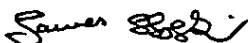
Disclosure of information to auditors

The directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company, is to be proposed at the forthcoming Annual General Meeting

By order of the board



J Hopkins
Secretary

Eland Road
Denaby Main
Doncaster
DN12 4HA
3 September 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 group and parent company 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 parent 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 group and to prevent and detect fraud and other irregularities.



KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Clytha Holdings Limited

We have audited the group and parent company financial statements of Clytha Holdings Limited for the year ended 30 June 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheet, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds 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 Statement of Directors' Responsibilities on page 4.

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 Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

Independent auditors' report to the members of Clytha Holdings Limited
(continued)

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 group and company's affairs as at 30 June 2007 and of the group's 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

KPMG LLP
Chartered Accountants
Registered Auditor

3 September 2007

Consolidated profit and loss account
for the year ended 30 June 2007

	<i>Note</i>	2007 £	2006 £
Turnover	1	22,329,573	17,506,594
Cost of sales		(13,678,940)	(10,487,364)
Gross profit		8,650,633	7,019,230
Administrative expenses		(6,730,873)	(5,825,667)
Operating profit		1,919,760	1,193,563
(Loss)/profit on sale of fixed assets		(440)	3,227
Interest payable	5	(395,910)	(393,857)
Profit on ordinary activities before taxation	2-4	1,523,410	802,933
Tax on profit on ordinary activities	6	(419,646)	(87,971)
Profit for the financial year		1,103,764	714,962

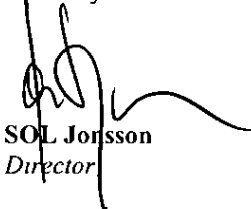
Consolidated statement of recognised gains and losses
for the year ended 30 June 2007

	2007 £	2006 £
Profit for the financial year	1,103,764	714,962
Total recognised gains and losses relating to financial year	1,103,764	714,962

Consolidated balance sheet
at 30 June 2007

	Note	2007		2006	
		£	£	£	£
Fixed assets					
Intangible assets	8		-		-
Tangible assets	9		2,953,605		2,475,760
			<u>2,953,605</u>		<u>2,475,760</u>
Current assets					
Stock	11	2,905,801		2,710,767	
Debtors	12	6,271,484		5,344,045	
Cash		3,364		11,309	
		<u>9,180,649</u>		<u>8,066,121</u>	
Creditors amounts falling due within one year	13	<u>(10,075,457)</u>		<u>(9,631,676)</u>	
Net current liabilities			<u>(894,808)</u>		<u>(1,565,555)</u>
Total assets less current liabilities			<u>2,058,797</u>		<u>910,205</u>
Creditors: amounts falling due after more than one year	14		<u>(323,636)</u>		<u>(244,592)</u>
Provisions for liabilities and charges	15		<u>(215,138)</u>		<u>(195,259)</u>
Net assets			<u><u>1,520,023</u></u>		<u><u>470,354</u></u>
Capital and reserves					
Called up share capital	16		10,819		10,819
Capital redemption reserve	17		150,250		150,250
Profit and loss account	17		1,358,954		309,285
Shareholders' funds	18		<u><u>1,520,023</u></u>		<u><u>470,354</u></u>

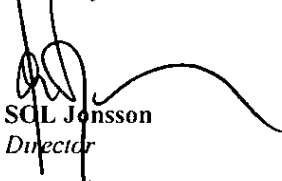
These financial statements were approved by the board of directors on 3 September 2007 and were signed on its behalf by


SOL Jorsson
Director

Company balance sheet
at 30 June 2007

	Note	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	9		181,716		320,064
Investments	10		91,750		91,750
			<u>273,466</u>		<u>411,814</u>
Current assets					
Debtors	12	2,346,172		1,377,396	
Cash		6,408		8,257	
		<u>2,352,580</u>		<u>1,385,653</u>	
Creditors, amounts falling due within one year	13	<u>(1,524,894)</u>		<u>(1,718,312)</u>	
Net current assets/(liabilities)			<u>827,686</u>		<u>(332,659)</u>
Total assets less current liabilities			<u>1,101,152</u>		<u>79,155</u>
Creditors, amounts falling due after more than one year	14		<u>(125,000)</u>		<u>(194,259)</u>
Net assets/(liabilities)			<u>976,152</u>		<u>(115,104)</u>
Capital and reserves					
Called up share capital	16		10,819		10,819
Capital redemption reserve	17		150,250		150,250
Profit and loss account	17		815,083		(276,173)
			<u>976,152</u>		<u>(115,104)</u>
Shareholders' funds/(deficit)	18		<u>976,152</u>		<u>(115,104)</u>

These financial statements were approved by the board of directors on 3 September 2007 and were signed on its behalf by


SCL Jonsson
Director

Consolidated cash flow statement
for the year ended 30 June 2007

	<i>Note</i>	2007 £	2006 £
Cash inflow from operating activities	20	2,057,032	808,362
Returns on investments and servicing of finance	21	(395,910)	(393,857)
Taxation		(67,944)	2,554
Capital expenditure	21	(1,009,682)	(146,870)
Cash inflow before financing		583,496	270,189
Equity dividends paid		(54,095)	-
Financing	21	(537,346)	(259,562)
(Decrease)/increase in cash in the period		(7,945)	10,627

Reconciliation of net cash flow to movements in net debt

		2007 £	2006 £
(Decrease)/increase in cash in the period	22	(7,945)	10,627
Cash inflow/outflow from (increase)/decrease in debt and hire purchase financing	22	537,346	(692,523)
Change in net debt resulting from cash flows		529,401	(681,896)
Movement in net debt in the period		529,401	(681,896)
Net debt at start of the period	22	(4,392,315)	(3,710,419)
Net debt at the end of the period	22	(3,862,914)	(4,392,315)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements

Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Notwithstanding the fact that the group has net current liabilities the directors have prepared the accounts on the basis of a going concern as the profit and cashflow forecasts for the group indicate that they are profitable and that the group will continue to have availability of adequate cash funds for operational purposes for the foreseeable future

Basis of consolidation

The consolidated financial statements incorporate the results of the parent company, Clytha Holdings Limited, and its subsidiary undertakings

The acquisition method has been adopted in accounting for subsidiary undertakings. Under this method the results of the subsidiaries are included in the consolidated profit and loss account from the date of acquisition. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and amortised over a period of twenty years.

In accordance with Section 230(4) of the Companies Act 1985, Clytha Holdings Limited is exempt from the requirement to present its own profit and loss account.

Purchased goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations is capitalised and amortised over a period of ten years.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Tangible fixed assets

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Improvements to leasehold property	- Over life of lease
Plant and machinery	- Over 15 years
Plant and Machinery – Paint Line	- Over 20 years
Fixtures and fittings	- Over 4 years
Motor vehicles	- Over 4 years
Computer equipment	- Over 5 years

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Notes (continued)

1 Accounting policies (continued)

Leases and hire purchase contracts

Assets acquired under finance lease and hire purchase contracts are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The group participates in a group personal pension scheme. Contributions payable for the period are charged in the profit and loss account.

Related parties

The company has taken advantage of the exemption in Financial Reporting Standard Number 8, Related Party Disclosures, in respect of transactions with group companies as consolidated financial statements are being prepared.

Classification of financial instruments

Following the adoption of FRS 25, 'Financial Instruments presentation and disclosure', in 2006 in certain circumstances preference shares are treated as debt. Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group, and
- b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2 Profit on ordinary activities before taxation

	2007 £	2006 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration		
Group - audit of financial statements of subsidiaries pursuant to legislation	25,000	24,000
- other services relating to taxation	5,000	5,000
Company - audit of these financial statements	6,000	6,000
- other services	2,000	22,000
Depreciation - owned assets	389,997	267,327
- assets on hire purchase contracts	141,400	108,568
Operating leases - plant and machinery	160,168	157,370
- property	522,056	535,284
Loss/(profit) on sale of fixed assets	440	(3,227)
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Notes (continued)

3 Remuneration of directors

	2007 £	2006 £
Directors' emoluments	265,620	266,540
Group contributions to money purchase pension schemes	7,685	7,529

The emoluments of the highest paid director, excluding pension contributions, were £140,626 (2006 £137,411), and company pension contributions of £5,004 (2006 £4,954) were made to a money purchase scheme on his behalf

	Number of directors 2007	2006
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	2	2

4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows

	2007 Number	2006 Number
Administration	54	44
Warehouse and distribution	86	74
	140	118

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	3,083,898	2,546,572
Social security costs	272,070	218,783
Other pension costs	103,051	83,598
	3,459,019	2,848,953

Notes (continued)

5 Interest payable

	2007 £	2006 £
On bank loans and overdrafts	373,166	360,482
On all other loans	22,744	33,375
	<u>395,910</u>	<u>393,857</u>

6 Taxation

Analysis of charge in period

	2007 £	2006 £
<i>UK corporation tax</i>		
Current tax on income for the period	410,527	69,400
Adjustments in respect of prior periods	(10,760)	-
	<u>399,767</u>	<u>69,400</u>
<i>Deferred tax (see note 15)</i>		
Deferred tax for the period	22,353	125,362
Adjustment in respect of previous years	(2,474)	(106,791)
	<u>19,879</u>	<u>18,571</u>
Total deferred tax	<u>19,879</u>	<u>18,571</u>
Tax on profit on ordinary activities	<u>419,646</u>	<u>87,971</u>

The current tax charge for the period is lower (2006 lower) than the standard rate of corporation tax in the UK (30%, 2006 30%). The differences are explained below

	2007 £	2006 £
Current tax reconciliation		
Profit on ordinary activities before tax	1,523,410	802,933
	<u>457,023</u>	<u>240,880</u>
Current tax at 30% (2006 30%)	<u>457,023</u>	<u>240,880</u>
<i>Effects of</i>		
Expenses not deductible for tax purposes	23,373	29,389
Capital allowances for period in excess of depreciation	(22,353)	19,917
Tax losses carried forward	-	-
Timing differences deferred tax not provided	(62,597)	(62,441)
Other timing differences	-	(158,345)
Previous Year Adjustments	4,321	-
	<u>399,767</u>	<u>69,400</u>
Total current tax charge (see above)	<u>399,767</u>	<u>69,400</u>

Notes (continued)

7 Dividends

An Interim Dividend of £54,095 was paid in the Year (2006 £nil)

The amounts waived are set out below

	2007 £	2006 £
10,500 (2006 10 500) A shares of £1 each	157,500	210,000
35,000 (2006 35,000) C Preference shares of £1 each Waived	7,000	7,000
	<u>165,500</u>	<u>217,000</u>

8 Intangible fixed assets

Group	Purchased goodwill £	Goodwill on consolidation £	Total £
<i>Cost</i>			
At beginning and end of period	39,000	59,768	98,768
<i>Amortisation</i>			
At beginning and end of period	39,000	59,768	98,768
<i>Net book value</i>			
At beginning and end of period	-	-	-
 Company			Purchased Goodwill £
<i>Cost</i>			
At beginning and end of period			30,000
<i>Amortisation</i>			
At beginning and end of period			30,000
<i>Net book value</i>			
At beginning and end of period			-

Notes (continued)

9 Tangible fixed assets

Group	Improvements to leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost						
At beginning of period	484,598	2,415,445	284,311	483,283	496,959	4,164,596
Additions	42,070	406,672	297,587	162,002	124,591	1,032,922
Disposals	-	-	-	(69,884)	-	(69,884)
At end of period	526,668	2,822,117	581,898	575,401	621,550	5,127,634
Depreciation						
At beginning of period	162,625	856,663	202,638	119,295	347,615	1,688,836
Charge for period	147,892	(13,379)	98,353	141,400	157,131	531,397
On disposals	-	-	-	(46,204)	-	(46,204)
At end of period	310,517	843,284	300,991	214,491	504,746	2,174,029
Net book value						
At 30 June 2007	216,151	1,978,833	280,907	360,910	116,804	2,953,605
At 30 June 2006	321,973	1,558,782	81,673	363,988	149,344	2,475,760

Company	Improvements to leasehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
At beginning of period	283,232	28,245	117,405	101,022	529,904
Additions	-	-	55,475	-	55,475
Disposals	-	-	(47,886)	-	(47,886)
At end of period	283,232	28,245	124,994	101,022	537,493
Depreciation					
At beginning of period	63,728	22,552	43,141	80,419	209,840
Charge for period	119,655	5,693	31,441	20,603	177,392
Disposals	-	-	(31,455)	-	(31,455)
At end of period	183,383	28,245	43,127	101,022	355,777
Net book value					
At 30 June 2007	99,849	-	81,867	-	181,716
At 30 June 2006	219,504	5,693	74,264	20,603	320,064

Included in the total net book value of fixed assets is £519,660 (2006 £365,988), in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £111,915 (2006 £36,514).

Notes (continued)

10 Fixed asset investments

Company	Shares £
<i>Cost and net book value</i>	
At beginning and end of period	91,750

The companies in which the company's interest at the year end is more than 20% are as follows

Subsidiary holding	Country of incorporation	Principal activity	Class and % of shares held
Senior Aluminium Systems Limited	England	Specialist aluminium stockholders	Ordinary 100%
Senior Aluminium Systems (Scotland) Limited	England	Non-trading	Ordinary 100%
Senior Aluminium Systems (South) Limited	England	Non-trading	Ordinary 100%
Senior Aluminium Systems (North) Limited	England	Non-trading	Ordinary 100%
Senior Aluminium Systems (SE) Limited	England	Non-trading	Ordinary 100%
Senior Aluminium Systems (Midlands) Limited	England	Non-trading	Ordinary 100%
Senior Aluminium Systems (Design) Limited	England	Non-trading	Ordinary 100%
Senior Supplies Limited	England	Non-trading	Ordinary 100%
APC Coatings Limited	England	Non-trading	Ordinary and preference 100%
Architectural Power Coatings (Scotland) Limited	England	Non-trading	Ordinary 100%
Senior Coatings Limited	England	Non-trading	Ordinary 100%

11 Stock

	2007 £	Group 2006 £
Raw materials	128,609	135,936
Goods held for resale	2,777,192	2,574,831
	<u>2,905,801</u>	<u>2,710,767</u>

Notes (continued)

12 Debtors

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	5,652,514	4,837,934	-	-
Other debtors	618,970	506,111	14,528	7,089
Amounts owed by group undertakings	-	-	2,331,644	1,370,307
	<u>6,271,484</u>	<u>5,344,045</u>	<u>2,346,172</u>	<u>1,377,396</u>

13 Creditors: amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Invoice discounting creditor	2,585,711	3,103,539	-	-
Bank loans and overdrafts	565,000	430,000	565,000	430,000
Obligations under finance leases and hire purchase contracts	206,931	170,493	27,008	32,320
Trade creditors	5,113,113	4,267,811	3,576	3,138
Other creditors	816,889	1,185,408	353,154	724,007
Amounts owed to group undertakings	-	-	188,403	188,403
Other taxes and social security	294,941	367,471	352,753	305,444
Corporation tax	457,872	71,954	-	-
Shares classified as liabilities	35,000	35,000	35,000	35,000
	<u>10,075,457</u>	<u>9,631,676</u>	<u>1,524,894</u>	<u>1,718,312</u>

Included within other creditors for both group and company is £150,000 (2006 £420,000) of loans due to certain directors. These loans have no fixed repayment terms, with interest payable of 7.5% per annum on a monthly basis. The loans are as follows:

Director	2007	2006
	£	£
GR Hall	-	125,000
JP Hannam	-	145,000
D Senior	50,000	50,000
L Jonsson	100,000	100,000
	<u>150,000</u>	<u>420,000</u>

Notes (continued)

14 Creditors: falling due after more than one year

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Bank loans	125,000	165,000	125,000	165,000
Obligations under finance leases and hire purchase contracts	198,636	79,592	-	29,259
	<u>323,636</u>	<u>244,592</u>	<u>125,000</u>	<u>194,259</u>

Analysis of debt

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Debts can be analysed as falling due				
In one year or less, or on demand	3,542,642	4,159,032	627,008	497,320
Between one and two years	239,449	244,592	125,000	194,259
Between two and five years	84,187	-	-	-
	<u>3,866,278</u>	<u>4,403,624</u>	<u>752,008</u>	<u>691,579</u>

The maturity of obligations under finance lease and hire purchase contracts is as follows

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Within one year	206,931	170,493	27,008	32,320
In the second to fifth years	198,636	79,592	-	29,259
	<u>405,567</u>	<u>250,085</u>	<u>27,008</u>	<u>61,579</u>

Included within creditors are bank loans for £690,000 (2006 £595,000), with interest payable at 2.75% (2006 2.5%) above the bank base rate, secured by debentures across all group companies. The bank overdraft is repayable on demand and interest is payable at 2.5% (2006 2.5%) above the bank base rate.

Notes (continued)

15 Provisions for liabilities and charges

	Deferred taxation £
At beginning of period	195,259
Charge for the period	19,879
	<hr/>
At end of period	215,138
	<hr/>

	2007 £	2006 £
The amount provides for deferred taxation are set out below		
Difference between accumulated deprecation and capital allowance	217,613	195,259
Other timing differences	(2,475)	-
	<hr/>	<hr/>
	215,138	195,259
	<hr/>	<hr/>

16 Called up share capital

Authorised

Number	Class	Nominal value	2007 £	2006 £
11,500	A shares	£1	11,500	11,500
35,000	C preference	£1	35,000	35,000
1,000	E shares	£1	1,000	1,000
			<hr/>	<hr/>
			47,500	47,500
			<hr/>	<hr/>

Allotted called up and issued

Number	Class	Nominal value	2007 £	2006 £
10,500	A shares	£1	10,500	10,500
35,000	C preference	£1	35,000	35,000
319	E shares	£1	319	319
			<hr/>	<hr/>
			45,819	45,819
			<hr/>	<hr/>

Notes (continued)

16 Called up share capital (continued)

	2007 £	2006 £
Shares classified as equity	10,819	10,819
Shares classified as debt	35,000	35,000
	<hr/>	<hr/>
	45,819	45,819
	<hr/>	<hr/>

The classes of shares have the following rights

Rights of A shares

Dividends

Cumulative net cash dividend of £20 per share per annum after the payment of dividends on B, C and D preference shares

Dividends

The balance of such profits of the company available for dividend which are resolved to be distributed amongst the holders of the E shares

Winding up

On winding up, a sum equal to the arrears on the dividends will be paid after the payment of arrears on the C preference shares dividends but in priority to the capital of any shares

On winding up, after the payment of dividend arrears on A shares and C preference shares, and the return of capital on the C preference shares, the remaining assets of the company will be distributed to the A shareholders up to a maximum of £3,500,000

Voting

The shares carry no voting rights

Rights of C preference shares

Dividends

Cumulative Preferential Dividends of 20% per annum on capital

Winding up

On winding up, a sum equal to the arrears on the dividends will be paid in priority to the capital and other dividend arrears of the company

On winding up, after the payment of dividend arrears on A shares and C shares, the capital paid up will be repaid in priority to the A shares

Voting

The shares carry no voting rights

Notes (continued)

16 Called up share capital (continued)

Rights of E Shares

The balance of such profits of the company available for dividend which are resolved to be distributed amongst the holders of the E shares

Winding up

On winding up, after the payment of dividend arrears on A shares and C preference shares, and the return of capital on the A shares and C preference shares and the remaining distribution to the A shareholders as set out above, the balance of the assets remaining will be distributed to the holders of the E shares

Voting

The shares carry voting rights of one vote per share

17 Reserves

	Capital redemption reserve		Profit and loss reserve	
	Group	Company	Group	Company
	£	£	£	£
At beginning of period	150,250	150,250	309,285	(276,173)
Retained profit for the period	-	-	1,049,669	145,351
Dividend Receivable	-	-	-	1,000,000
Dividend Payable	-	-	-	(54,095)
At end of period	150,250	150,250	1,358,954	815,083

Notes (continued)

18 Reconciliation of movements in shareholders' funds

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Profit for the financial period	1,103,764	714,962	145,351	149,971
Capital Restructuring exercise	-	(882,800)	-	(882,800)
Creation of capital redemption reserve	-	150,250	-	150,250
Net redemption of shares previously issues	-	(9,500)	-	(9,500)
New shares subscribed – E shares	-	319	-	319
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition / (reduction) to shareholders' funds	1,103,764	(26,769)	145,351	(591,760)
Dividends Received	-	-	1,000,000	-
Dividends Paid	(54,095)	-	(54,095)	-
Opening shareholders' funds previously £672,873 before deducting prior year adjustment of £175,750	-	497,123	-	-
Opening shareholders' funds previously £652,406 before deducting prior year adjustment of £175,750	-	-	-	476,656
Opening shareholders' funds/(deficit)	470,354		(115,104)	
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	1,520,023	470,354	976,152	(115,104)
	<hr/>	<hr/>	<hr/>	<hr/>

19 Pension scheme

The group participates in a group personal pension scheme. The pension cost charge for the period represents contributions payable by the group to the fund and amounted to £118,308 (2006 £83,598). There were no outstanding or prepaid contributions at the beginning or end of the financial period.

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

	2007 £	2006 £
Operating profit	1,919,760	1,193,563
Depreciation charges	531,397	375,895
(Loss)/profit on disposal of fixed assets	(440)	3,227
Increase in stocks	(195,034)	(903,398)
Increase in debtors	(927,439)	(1,869,913)
Increase in creditors	728,348	2,008,988
	<hr/>	<hr/>
Net cash inflow from operating activities	2,057,032	808,362
	<hr/>	<hr/>

Notes (continued)

21 Analysis of cash flows

	2007 £	£	2006 £	£
Returns on investment and servicing of finance				
Interest paid and similar charges	395,910		393,857	
	<u>395,910</u>		<u>393,857</u>	
Capital expenditure				
Purchase of tangible fixed assets	(1,032,922)		(162,765)	
Disposal of tangible fixed assets	23,240		15,895	
	<u>(1,009,682)</u>		<u>(146,870)</u>	
Financing				
(Repayment of)/addition to invoice discounting facility	(517,828)		966,541	
Addition to/(Repayment of) bank loans and overdrafts	95,000		(223,641)	
Addition to/(Repayment of) hire purchase loans	155,482		(119,662)	
Payments to reacquire company shares	-		(882,800)	
Repayment of other loans	(270,000)		-	
	<u>(537,346)</u>		<u>(259,562)</u>	

22 Analysis of net debt

	2006 £	Cash flow £	2007 £
Cash in hand and at bank	11,309	(7,945)	3,364
	<u>11,309</u>	<u>(7,945)</u>	<u>3,364</u>
Invoice Discounting	(3,103,539)	517,828	(2,585,711)
Hire purchase	(250,085)	(155,482)	(405,567)
Bank loans	(595,000)	(95,000)	(690,000)
Other loans	(420,000)	270,000	(150,000)
Shares classified as liabilities	(35,000)	-	(35,000)
	<u>(4,403,624)</u>	<u>537,346</u>	<u>(3,866,278)</u>
Total	<u>(4,392,315)</u>	<u>529,401</u>	<u>(3,862,914)</u>

Notes (continued)

23 Commitments

(a) Annual commitments under non cancellable operating leases

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Property				
Ending in less than one year	23,333	-	-	-
Ending in two to five years	99,940	99,940	-	-
Ending after five years	489,006	431,743	390,506	390,506
	<u>612,279</u>	<u>531,683</u>	<u>390,506</u>	<u>390,506</u>
Plant and machinery				
Ending in less than one year	17,520	19,451	8,094	-
Ending in two to five years	163,258	109,805	-	10,792
Ending after five years	42,203	67,543	-	-
	<u>222,981</u>	<u>196,799</u>	<u>8,094</u>	<u>10,792</u>
	<u>835,260</u>	<u>728,482</u>	<u>398,600</u>	<u>401,298</u>

- (b) Capital commitments at the end of the financial period for which no provision has been made are £nil (2006 nil)
- (c) The group has a contingent asset relating to a rent deposit deed which could result in a payment to the group of £678,000. This amount is receivable in instalments when certain profit and net asset targets are achieved over a three year period.

24 Related party disclosures

The group supplied goods with a value of £nil (2006 £62,816) on an arms length basis to members of the Dane Group plc, a group of companies in which Messrs GR Hall and JP Hannam were shareholders and directors in 2006.