

Stovax (Holdings) Limited
Annual report
for the year ended 31 May 2008

Registered Number 3158875

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Stovax (Holdings) Limited

Annual report for the year ended 31 May 2008 Contents

Directors and advisers for the year ended 31 May 2008	1
Directors' report for the year ended 31 May 2008	2-4
Statement of directors' responsibilities in respect of the Annual Report and the financial statements	5
Independent auditors' report to the members of Stovax (Holdings) Limited	6-7
Consolidated profit and loss account for the year ended 31 May 2008	8
Consolidated balance sheet as at 31 May 2008	9
Company balance sheet as at 31 May 2008	10
Consolidated cashflow statement for the year ended 31 May 2008	11
Notes to the financial statements for the year ended 31 May 2008	12-26

Stovax (Holdings) Limited

Directors and advisers for the year ended 31 May 2008

Directors

C M Brook FCA (Chairman)
G C B Brook (Managing Director)
M P Jennings
M A Sage FCA, LLB
R J Crabb
A D Walker MA, ACA

Secretary

A D Walker MA, ACA

Registered Office

Falcon Road
Sowton Industrial Estate
Exeter
EX2 7LF

Bankers

HSBC Bank plc
West and Wales Corporate Banking Centre
Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Auditors

PricewaterhouseCoopers LLP
Princess Court
23 Princess Street
Plymouth
PL1 2EX

Stovax (Holdings) Limited

Directors' report for the year ended 31 May 2008

The directors present their annual report and the audited financial statements for the year ended 31 May 2008.

Results and dividends

The profit for the year attributable to shareholders amounts to £3,514,345 (2007: £2,925,497) and is dealt with as shown in the profit and loss account.

A dividend of £5.02 per £1 ordinary share and a dividend of £2.13 per £1 ordinary share were proposed and paid during the year

Principal activities and review of business developments

The Stovax Group has continued to grow during the year, across both heating products, range cookers and the ceramic tile, stone and glass tile products.

During the year the Group continued its policy of investing in new product development and improving its manufacturing facilities. Accordingly further new products across all group companies will be launched in the next financial year.

The principal business activities of the Group continue to be the manufacture and distribution of high quality home improvement products, including stoves, fireplaces, gas and electric fuel effect fires, cookers and ceramic, glass and stone tiles and mosaics.

Subsequent events and future developments

The directors envisage that the next year will be one of further controlled expansion across all of the companies.

Key performance indicators

Given the nature of the business the directors are of the opinion that analysis using K.P.I.'s is not necessary for an understanding of the development, performance or position of the business.

Employees

Applications for employment from disabled persons are always fully considered, bearing in mind the respective aptitude and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability.

Employees are kept informed and consulted on matters of importance to them, including those factors affecting the performance and future of the business, by regular meetings.

Stovax (Holdings) Limited

Directors

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

G C B Brook
C M Brook
M A Sage
R J Crabb
M P Jennings
A D Walker (appointed 1 June 07)

Provision of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 234A, the following applies:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal risks and uncertainties

The key business risks affecting the company are considered to be fire (or other similar sudden unforeseen events) leading to a reduction in production capacity and product availability, exchange rate fluctuations on export sales, overall market conditions and the volatility of commodity based raw material prices.

Financial Risk Management Objectives and Policies

The company's operations expose it a variety of financial risks that include the effects of credit risk, and exchange rate risk. The company monitors and takes action in each of these areas as follows:

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. In addition, credit checks are made annually on those customers who are deemed to be a significant credit risk to the company. In those market sectors where the Board consider that there is an unacceptably high risk of default, credit insurance is obtained.

Exchange Rate risk

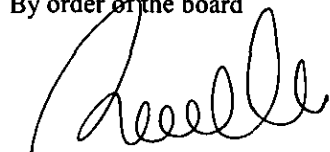
The company monitors its exposures in the foreign currencies in which it regularly transacts. In order to protect against excessive fluctuations, the company will take out financial instruments to restrict these risks where considered appropriate by the Board.

Stovax (Holdings) Limited

Auditors

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

By order of the board

A handwritten signature in black ink, appearing to read 'A D Walker', written over the text 'By order of the board'.

A D Walker

Secretary

Falcon Road
Sowton Industrial Estate
Exeter
EX2 7LF

Stovax (Holdings) Limited

Statement of directors' responsibilities in respect of the Annual Report and the 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 group and of the profit or loss of the Stovax (Holdings) Limited group for that period.

In preparing those financial statements, the directors are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ make judgements 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;
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



A D Walker
Company Secretary
15 July 2008

Stovax (Holdings) Limited

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

We have audited the group and parent company financial statements (the "financial statements") of Stovax (Holdings) Limited for the year ended 31 May 2008 which comprise the Group Profit and Loss account, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 group's and company's circumstances, consistently applied and adequately disclosed.

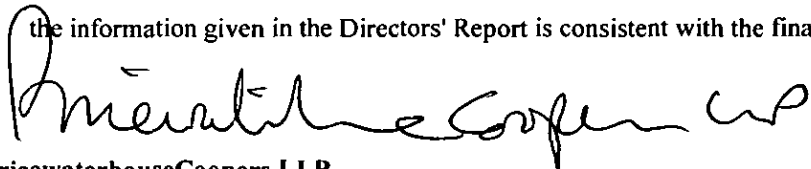
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Stovax (Holdings) Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 May 2008 and of the group's profit and cash flows 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.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Plymouth

31 July 2008

Stovax (Holdings) Limited

Consolidated profit and loss account for the year ended 31 May 2008

	Note	2008 £	2007 £
Turnover	2	40,846,831	37,247,913
Cost of sales		(25,480,412)	(23,823,787)
Gross profit		15,366,419	13,424,126
Distribution costs and administrative expenses		(10,713,381)	(9,559,021)
Operating profit	3	4,653,038	3,865,105
Interest receivable and similar income		264,955	264,738
Interest payable and similar charges	6	(16)	(562)
Profit on ordinary activities before taxation		4,917,977	4,129,281
Tax on profit on ordinary activities	7	(1,403,632)	(1,203,784)
Profit on ordinary activities after taxation		3,514,345	2,925,497
Dividends	8	(1,425,000)	(1,860,000)
Retained profit for the financial year	16	2,089,345	1,065,497

All activities relate to continuing operations.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

Stovax (Holdings) Limited

Consolidated balance sheet as at 31 May 2008

	Note	2008 £	2007 £
Fixed assets	9(a)	6,854,165	5,742,765
Current assets			
Stocks	11	8,085,348	6,530,080
Debtors	12	5,374,709	4,310,617
Cash at bank and in hand		3,918,403	4,498,415
		17,378,460	15,339,112
Creditors: amounts falling due within one year	13	(4,402,826)	(3,345,171)
Net current assets		12,975,634	11,993,941
Total assets less current liabilities		19,829,799	17,736,706
Provisions for liabilities and charges	14(a)	(432,076)	(428,328)
Net assets		19,397,723	17,308,378
Capital and reserves			
Called up share capital	15	199,300	199,300
Capital reserve		21,781	21,781
Share premium account		202,610	202,610
Profit and loss account	16	18,974,032	16,884,687
Shareholders' funds	17	19,397,723	17,308,378

Stovax (Holdings) Limited

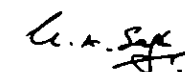
Company balance sheet as at 31 May 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	9(b)	5,497,986	4,445,951
Fixed asset investments	10	12,876,024	10,791,510
		18,374,010	15,237,461
Current assets			
Debtors	12	439,294	378,636
Cash at bank and in hand		734,962	2,024,205
		1,174,256	2,402,841
Creditors: amounts falling due within one year	13	(133,340)	(273,770)
Net current assets		1,040,916	2,129,071
Total assets less current liabilities		19,414,926	17,366,532
Provisions for liabilities and charges	14(b)	-	(102,364)
Net assets		19,414,926	17,264,168
Capital and reserves			
Called up share capital	15	199,300	199,300
Share premium account		202,610	202,610
Investment revaluation reserve		12,645,677	10,561,163
Profit and loss account		6,367,339	6,301,095
Shareholders' funds		19,414,926	17,264,168

The financial statements on pages 8 to 26 were approved by the board of directors on 15 July 2008 and were signed on its behalf by:



G C B Brook
Director



M A Sage
Director

Stovax (Holdings) Limited

Consolidated cashflow statement for the year ended 31 May 2008

	Note	2008 £	2007 £
Net cash inflow from operating activities	20	3,137,246	3,465,972
Returns on investments and servicing of finance			
Interest received		279,086	278,532
Interest paid		(16)	(562)
		279,070	277,970
Taxation			
UK Corporation tax paid		(883,724)	(1,487,811)
Capital Expenditure			
Purchase of tangible fixed assets		(1,709,580)	(754,971)
Sale of tangible fixed assets		21,976	78,278
Net cash outflow from capital expenditure		(1,687,604)	(676,693)
Equity dividends paid		(1,425,000)	(1,860,000)
(Decrease) in cash in the year	21, 22	(580,012)	(280,562)

Stovax (Holdings) Limited

Notes to the financial statements for the year ended 31 May 2008

1 Principal 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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The consolidated financial statements incorporate the financial statements of the company and all of its subsidiaries.

The directors have reviewed the company's accounting policies and estimation techniques, as required in FRS 18 "Accounting Policies" and they consider that they are the most appropriate.

Fixed asset investments

Subsidiary undertakings are re-valued in the company accounts to reflect the net book value of the assets at the year end. Any changes in valuation are credited/charged to the investment revaluation reserve.

Fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets, on a straight line basis over the useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	- 2%
Leasehold land and buildings	- over the period of the lease
Leasehold improvements	- over the period of the lease
Plant, fixtures, fittings & equipment	- 15%
Computer equipment	- 33 ¹ / ₃ %
Motor vehicles	- 25%
Production rights and patterns	- 15% - 25%

Goodwill

Purchased goodwill is amortised over its useful economic life.

Leases

Rental charges on operating leases are charged to the profit and loss account on a straight line basis over the lives of the leases.

Stocks

Stocks are valued at the lower of cost, on a first in, first out basis, and net realisable value after making due allowance for any obsolete and slow moving items. Cost of stocks comprise the purchase price of stocks and all other directly attributable costs.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences.

Stovax (Holdings) Limited

Research and development expenditure

Expenditure incurred in connection with the development of new products is charged to income as incurred, except for cast iron tooling which is capitalised if the foreseeable life is sufficient to justify capitalisation over at least four years.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the end of the financial year. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Computer software

Computer software is expensed in the year in which the expenditure is incurred.

Distribution costs

Distribution costs are stated net of any recharges made by the company for such costs.

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.

2 Turnover

Turnover comprises the invoice value of goods and services supplied by the company exclusive of VAT.

In the opinion of the directors, a disclosure of analysis of turnover would not materially assist in the understanding of the financial statements and therefore no additional disclosure is provided.

3 Operating profit

Operating profit is stated after charging/(crediting):

	2008	2007
	£	£
Depreciation of tangible fixed assets	576,948	575,808
(Profit) on disposal of fixed assets	(744)	(41,542)
Hire of plant and machinery	17,027	11,651
Auditors' remuneration – audit services (Group)	28,630	26,800
– relating to taxation (Group)	17,951	20,713
Auditors' remuneration – audit services (Company)	3,580	3,000
– relating to taxation (Company)	3,272	6,225
Rentals on operating leases on land and buildings	608,212	576,934

Stovax (Holdings) Limited

4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year was as follows:

	2008	2007
	Number	Number
Staff numbers	396	360

The aggregate payroll costs of these persons were as follows:

	2008	2007
	£	£
Wages and salaries	9,425,754	8,495,123
Social security costs	950,504	862,370
Pension costs	305,418	249,494
	10,681,676	9,606,987

The company operates a Group Personal Pension Plan under which it contributes to money purchase Personal Pension Plans for individual employees.

5 Remuneration of directors

	2008	2007
	£	£
The emoluments (excluding pension contributions) of the directors of the company were as follows:	1,241,911	1,328,490
Company contributions to pension scheme	250,331	77,184
	1,492,242	1,405,674

Number of directors accruing benefits under money purchase Group Personal Pension Plan.

	2008	2007
	£	£
Highest paid director	276,959	358,342
Company contributions paid to pension scheme	19,440	20,400

Stovax (Holdings) Limited

6 Interest payable and similar charges

	2008	2007
	£	£
Bank loans and other interest payable	16	562

7 Taxation

(a) Analysis of charge in year

	2008	2007
	£	£
Corporation tax:		
UK corporation tax on profits of the year	1,454,716	1,217,407
Adjustment in respect of previous years	(107)	(4,083)
Total current tax	1,454,609	1,213,324
Deferred tax (see note 14):		
Origination and reversal of timing differences	(50,977)	(9,540)
Tax on profit on ordinary activities	1,403,632	1,203,784

(b) Factors affecting tax charge for the year

The tax assessed for the year was lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2008	2007
	%	%
Standard rate of corporation tax	30	30
Effects of:		
Marginal tax rates	-	(1)
Effective tax rate	30	29

Stovax (Holdings) Limited

7 Taxation (Continued)

(c) Factors that may affect future tax charges

The directors consider that the only factor which may materially affect future tax charges, is the recent changes enacted regarding Industrial Buildings Allowance. This factor was part of a number of changes to the UK Corporation tax system announced in the March 2007 Budget Statement and which have been enacted in the 2007 and 2008 Finance Acts or are expected to be enacted in the future. As these changes have been substantively enacted at the balance sheet date and, therefore, are included in these financial statements.

The effect of the changes enacted was to reduce the deferred tax liability provided at 31 May 2008 by £50,977. This decrease in deferred tax has increased profit for the year by £50,977. This decrease in deferred tax is due to the phasing out of industrial buildings allowance and the abolition of balancing adjustments on industrial buildings.

As a result of these proposals being enacted, the group tax charge will increase by approximately 3% by the financial year ending 31 May 2012.

The rate of corporation tax was reduced from 30% to 28% effective from April 2008, which has reduced the effective rate for the current year by 0.3%. This reduction will further decrease the future corporation tax charge in future years by approximately 1.7%.

8 Dividends

	2008	2007
	£	£
Interim and final dividends paid in respect of the year	1,425,000	1,860,000

Stovax (Holdings) Limited

9 (a) Tangible fixed assets

Group

	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Plant, fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 31 May 2007	4,830,627	380,837	43,941	5,147,732	10,403,137
Additions	1,177,875	-	-	531,705	1,709,580
Disposals	-	-	-	(99,851)	(99,851)
At 31 May 2008	6,008,502	380,837	43,941	5,579,586	12,012,866
Depreciation					
At 31 May 2007	715,615	88,224	43,941	3,812,592	4,660,372
Charge for year	96,349	7,633	-	472,966	576,948
Disposals	-	-	-	(78,619)	(78,619)
At 31 May 2008	811,964	95,857	43,941	4,206,939	5,158,701
Net book value					
At 31 May 2008	5,196,538	284,980	-	1,372,647	6,854,165
At 31 May 2007	4,115,012	292,613	-	1,335,140	5,742,765

Included in the above is freehold land of £1,182,176 (2007: £1,038,213) which is not depreciated.

Stovax (Holdings) Limited

9 (b) Tangible fixed assets

Company

	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Plant, fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 31 May 2007	4,793,162	380,837	7,673	90,263	5,271,935
Additions	1,177,875	-	-	-	1,177,875
Disposals	-	-	-	(869)	(869)
At 31 May 2008	5,971,037	380,837	7,673	89,394	6,448,941
Depreciation					
At 31 May 2007	699,465	88,224	7,673	30,622	825,984
Charge for year	95,797	7,633	-	22,315	125,745
Disposals	-	-	-	(774)	(774)
At 31 May 2008	795,262	95,857	7,673	52,163	950,955
Net book value					
At 31 May 2008	5,175,775	284,980	-	37,231	5,497,986
At 31 May 2007	4,093,697	292,613	-	59,641	4,445,951

Included in the above is freehold land of £1,182,176 (2007: £ 1,038,213) which is not depreciated.

Stovax (Holdings) Limited

10 Fixed assets investments

	Investments in subsidiary undertakings
	£
Valuation	
At 31 May 2007	10,791,510
Revaluation	2,084,514
At 31 May 2008	12,876,024

The principal subsidiary undertakings at 31 May 2008 were:

Subsidiary undertaking	Country of incorporation/ registration	Nature of business	Proportion of Ordinary shares held
Stovax Limited	England	Manufacturer and distributor of stoves, fireplaces and accessories.	100%
Gazco Limited	England	Manufacturer and distributor of gas, electric and oil stoves, fireplaces and range cookers.	100%
Original Style Limited	England	Manufacturer and distributor of glass, stone and ceramic tiles.	100%
Redfyre Cookers Limited	England	Dormant.	100%

Stovax (Holdings) Limited

11 Stocks

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Raw materials and work in progress	2,709,680	2,087,858	-	-
Finished goods	5,375,668	4,442,222	-	-
	8,085,348	6,530,080	-	-

The directors do not consider that the replacement cost of stocks materially exceeds the balance sheet value.

12 Debtors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	5,133,644	4,133,529	-	-
Amounts owed by subsidiary companies	-	-	256,374	192,928
Prepayments and accrued income	241,065	177,088	6,449	22,396
Other taxes and social security	-	-	176,471	163,312
	5,374,709	4,310,617	439,294	378,636

Stovax (Holdings) Limited

13 Creditors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade creditors	1,353,646	1,192,205	-	-
Corporation tax	792,503	221,618	14,580	9,741
Other taxes and social security	716,884	732,491	48,193	184,426
Accruals and deferred income	1,539,793	1,198,857	70,567	79,603
	4,402,826	3,345,171	133,340	273,770

Stovax (Holdings) Limited

14 (a) Group provisions for liabilities and charges

	Deferred tax £	Lease reinstatement £	Warranty £	Total £
At 31 May 2007	50,977	224,789	152,562	428,328
Transfer (to)/from the profit and loss account	(50,977)	35,252	19,473	3,748
At 31 May 2008	-	260,041	172,035	432,076

The Deferred tax provision is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	-	69,276
Other timing differences	-	(18,299)
Undiscounted provision for deferred tax	-	50,977

As at 31st May 2008, the group had an unrecognised deferred tax asset of £35,105.

14 (b) Company provisions for liabilities and charges

	Deferred tax £	Total £
At 31 May 2007	102,364	102,364
Transfer to the profit and loss account	(102,364)	(102,364)
At 31 May 2008	-	-

The Deferred tax provision is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	-	102,364
Undiscounted provision for deferred tax	-	102,364

As at 31st May 2008, the company had an unrecognised deferred tax asset of £3,302.

Stovax (Holdings) Limited

15 Called up share capital

	2008	2007
	£	£
Authorised		
200,000 ordinary shares of £1 each	200,000	200,000
Allotted, called up and fully paid		
199,300 ordinary shares of £1 each	199,300	199,300

16 Reserves – Group

	2008	2007
	£	£
At start of financial year	16,884,687	15,819,190
Retained profit for the year	2,089,345	1,065,497
At end of financial year	18,974,032	16,884,687

17 Reconciliation of movements in shareholders' funds

	Group	
	2008	2007
	£	£
Profit for the financial year	3,514,345	2,925,497
Dividends	(1,425,000)	(1,860,000)
Retained profit for the year	2,089,345	1,065,497
Opening shareholders' funds	17,308,378	16,242,881
At end of financial year	19,397,723	17,308,378

Stovax (Holdings) Limited

18 Financial commitments

The company and the group had the following commitments at the end of the financial year:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Documentary credits	246,531	326,738	-	-
Capital expenditure authorised and contracted	99,144	1,177,875	-	1,177,875
Capital expenditure authorised but not contracted	31,890	-	-	-
Annual commitments under non-cancellable operating leases are as follows:				
Operating leases which expire within 1 year – Land and buildings	-	6,692	-	-
Operating leases which expire between 1 and 2 years – Land and buildings	277,500	-	-	-
Operating leases which expire between 2 and 5 years – Land and buildings	-	277,500	-	-
Operating leases which expire over 5 years	239,250	239,250	179,250	179,250

19 Contingent liabilities

As at 31 May 2008, the company and the group had the following contingent liabilities:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Customs and Excise guarantees	200,000	200,000	-	-

Stovax (Holdings) Limited

20 Reconciliation of operating profit to operating cash flows

	2008	2007
	£	£
Operating profit	4,653,038	3,865,105
Depreciation charge	576,948	575,808
(Profit) on sale of tangible fixed assets	(744)	(41,542)
(Increase) in stocks	(1,555,268)	(986,220)
(Increase) in debtors	(1,078,223)	(331,320)
Increase in creditors	541,495	384,141
Net cash inflow from operating activities	3,137,246	3,465,972

21 Reconciliation of net cash flow to movement in net funds

	2008	2007
	£	£
(Decrease) in cash in the year	(580,012)	(280,562)
Cashflow from repayment of debt	-	-
Change in funds resulting from cashflows	(580,012)	(280,562)
Net funds at the start of the year	4,498,415	4,778,977
Net funds at the end of the year	3,918,403	4,498,415

22 Analysis of net funds

	At start of year	Cashflow	At end of year
	£	£	£
Cash at bank and in hand	4,498,415	(580,012)	3,918,403

Stovax (Holdings) Limited

23 Ultimate controlling party

There is no ultimate controlling party of this company as no shareholder holds more than 50% of the issued share capital of the company.

24 Profit and loss account

In accordance with the exemption allowed by section 230 of the Companies Act 1985 the company has not presented its own profit and loss account. The profit for the financial year dealt with in the accounts of the company was £66,244 (2007: £1,195,121 profit).