

Company Registration No. 03202446 (England and Wales)

BRADITE LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2005



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BRADITE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Abbreviated profit and loss account	4
Abbreviated balance sheet	5 - 6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the abbreviated accounts	9 - 19

BRADITE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2005

The directors present their report and financial statements for the year ended 31 October 2005.

Principal activities and review of the business

The principal activity of the company continued to be that of the manufacture and distribution of paints and surface coatings.

The directors are pleased with the performance of the company during a year in which it has continued to build sales through its focus on customer service, product quality and reliable execution. This strategy has led to both new contracts and continued growth in the existing business. The Little Greene Paint Company Limited continues to grow at a fast pace and new markets overseas are developing well.

There continues to be considerable investment in product development, infrastructure and the company's paint brands. This will continue to drive sales throughout the next year.

Ongoing support is being given by the company's bankers and cash requirements have stabilised as the company performs in line with expectations.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

The directors do not recommend payment of a preference dividend.

Directors

The following directors have held office since 1 November 2004:

D R Mottershead
J S Falder
S B Falder
T R Ayre
A M Burton

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares 'A' of £ 1 each	
	31 October 2005	1 November 2004
J S Falder	20,000	20,000
D R Mottershead	40,000	40,000
S B Falder	20,000	20,000
T R Ayre	-	-
A M Burton	-	-

	Ordinary shares 'B' of £ 1 each	
	31 October 2005	1 November 2004
J S Falder	7,500	7,500
D R Mottershead	15,000	15,000
S B Falder	7,500	7,500
T R Ayre	2,750	2,750
A M Burton	4,750	4,750

BRADITE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

	9% cumulative non-participating redeemable preference shares of £ 1 each	
	31 October 2005	1 November 2004
J S Falder	-	-
D R Mottershead	-	-
S B Falder	-	-
T R Ayre	-	-
A M Burton	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that UHY Hacker Young be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



D R Mottershead

Director

30 August 2006

BRADITE LIMITED

INDEPENDENT AUDITORS' REPORT TO BRADITE LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 19, together with the financial statements of Bradite Limited for the year ended 31 October 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

UHY Hacker Young

Chartered Accountants
Registered Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

BRADITE LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2005

	Notes	2005 £	2004 £
Gross profit		519,874	389,312
Administrative expenses		(276,605)	(228,880)
Operating profit	2	243,269	160,432
Investment income	3	50,000	-
Interest payable and similar charges	4	(56,905)	(46,378)
Profit on ordinary activities before taxation		236,364	114,054
Tax on profit on ordinary activities	5	(51,950)	-
Profit on ordinary activities after taxation	16	184,414	114,054

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BRADITE LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 OCTOBER 2005

	Notes	2005		2004	
		£	£	£	£
Fixed assets					
Intangible assets	6		258,713		333,716
Tangible assets	7		384,184		413,987
Investments	8		1		1
			<u>642,898</u>		<u>747,704</u>
Current assets					
Stocks	9	915,891		865,215	
Debtors	10	1,422,032		1,057,754	
Cash at bank and in hand		24,504		3,507	
		<u>2,362,427</u>		<u>1,926,476</u>	
Creditors: amounts falling due within one year	11	(2,089,002)		(1,748,905)	
Net current assets			<u>273,425</u>		<u>177,571</u>
Total assets less current liabilities			<u>916,323</u>		<u>925,275</u>
Creditors: amounts falling due after more than one year	12		(194,072)		(419,888)
Provisions for liabilities and charges	13		(32,450)		-
			<u>689,801</u>		<u>505,387</u>
Capital and reserves					
Called up share capital	15		479,350		479,350
Profit and loss account	16		210,451		26,037
Shareholders' funds	17		<u>689,801</u>		<u>505,387</u>
Equity interests			339,801		155,387
Non-equity interests			350,000		350,000
			<u>689,801</u>		<u>505,387</u>

BRADITE LIMITED

ABBREVIATED BALANCE SHEET (CONTINUED) AS AT 31 OCTOBER 2005

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 30th Aug + 2006



D R Mottershead
Director

BRADITE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2005

	2005		2004	
	£	£	£	£
Net cash inflow from operating activities		420,725		253,419
Returns on investments and servicing of finance				
Interest paid	(56,905)		(46,378)	
Dividends received	50,000		-	
	<u> </u>		<u> </u>	
Net cash outflow for returns on investments and servicing of finance		(6,905)		(46,378)
Capital expenditure				
Payments to acquire intangible assets	(63,876)		(62,946)	
Payments to acquire tangible assets	(124,493)		(181,597)	
Receipts from sales of tangible assets	795		1,234	
	<u> </u>		<u> </u>	
Net cash outflow for capital expenditure		(187,574)		(243,309)
		<u> </u>		<u> </u>
Net cash inflow/(outflow) before management of liquid resources and financing		226,246		(36,268)
Financing				
Repayment of other long term loans	(208,000)		-	
Capital element of hire purchase contracts	(16,562)		(14,500)	
	<u> </u>		<u> </u>	
Net cash outflow from financing		(224,562)		(14,500)
		<u> </u>		<u> </u>
Increase/(decrease) in cash in the year		1,684		(50,768)
		<u> </u>		<u> </u>

BRADITE LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2005

1	Reconciliation of operating profit to net cash inflow from operating activities	2005		2004	
		£		£	
	Operating profit	243,269		160,432	
	Depreciation of tangible assets	152,183		105,141	
	Amortisation of intangible assets	138,884		122,089	
	Loss on disposal of tangible assets	1,313		3,971	
	Increase in stocks	(50,676)		(43,923)	
	(Increase)/decrease in debtors	(364,278)		37,826	
	Increase/(decrease) in creditors within one year	300,030		(132,117)	
	Net cash inflow from operating activities	420,725		253,419	
2	Analysis of net debt	1 November 2004		Cash flow	
		£		Other non-cash changes	
		£		£	
		£		£	
	Net cash:				
	Cash at bank and in hand	3,507	20,997	-	24,504
	Bank overdrafts	(218,658)	(19,313)	-	(237,971)
		(215,151)	1,684	-	(213,467)
	Debt:				
	Finance leases	(30,809)	16,562	-	(14,247)
	Debts falling due after one year	(400,000)	208,000	-	(192,000)
		(430,809)	224,562	-	(206,247)
	Net debt	(645,960)	226,246	-	(419,714)
3	Reconciliation of net cash flow to movement in net debt	2005		2004	
		£		£	
	Increase/(decrease) in cash in the year	1,684		(50,768)	
	Cash outflow from decrease in debt and lease financing	224,562		14,500	
	Change in net debt resulting from cash flows	226,246		(36,268)	
	New finance lease	-		(29,272)	
	Movement in net debt in the year	226,246		(65,540)	
	Opening net debt	(645,960)		(580,420)	
	Closing net debt	(419,714)		(645,960)	

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Licences

Licences are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost against specific product lines included in the respective licence agreements over the life of the agreements. The directors anticipate that the cost will be written off within 3 years.

1.5 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit. The directors anticipate that this cost will be written off over the next five years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10% and 33% straight line
Fixtures, fittings & equipment	20% and 35% straight line
Motor vehicles	25% and 33% reducing balance

1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

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

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Work in progress and goods for resale are valued at manufacturing cost including an appropriate proportion of overhead expenses.

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

1 Accounting policies

(continued)

1.10 Pensions

The company contributes to personal pension schemes for certain staff. Such payments are charged to the profit and loss account as they become payable.

1.11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.13 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating profit

2005

2004

£

£

Operating profit is stated after charging:

Amortisation of intangible assets

138,884

122,089

Depreciation of tangible assets

152,183

105,141

Loss on disposal of tangible assets

1,313

3,971

Loss on foreign exchange transactions

1,728

1,845

Operating lease rentals

107,974

-

Auditors' remuneration

6,800

8,000

3 Investment income

2005

2004

£

£

Income from shares in group undertakings

50,000

-

4 Interest payable

2005

2004

£

£

On amounts payable to group companies

22,800

20,400

On bank loans and overdrafts

31,253

23,886

Hire purchase interest

2,852

2,092

56,905

46,378

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

5	Taxation	2005 £	2004 £
	Domestic current year tax		
	UK corporation tax	19,500	-
	Current tax charge	19,500	-
	Deferred tax		
	Deferred tax charge/credit current year	32,450	-
		51,950	-
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	236,364	114,054
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 19.00%)	70,909	21,670
	Effects of:		
	Permanent timing differences	614	1,594
	Depreciation add back	46,049	20,731
	Capital allowances	(38,351)	(24,322)
	Tax losses utilised	(38,797)	(19,673)
	Non taxable group dividend	(15,000)	-
	Marginal relief	(5,924)	-
		(51,409)	(21,670)
	Current tax charge	19,500	-

The company has estimated losses of £ nil (2004 - £ 129,323) available for carry forward against future trading profits.

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

6 Intangible fixed assets

	Licences	Development Costs	Total
	£	£	£
Cost			
At 1 November 2004	300,000	370,683	670,683
Additions	-	63,876	63,876
At 31 October 2005	300,000	434,559	734,559
Amortisation			
At 1 November 2004	83,396	253,566	336,962
Charge for the year	62,948	75,936	138,884
At 31 October 2005	146,344	329,502	475,846
Net book value			
At 31 October 2005	153,656	105,057	258,713
At 31 October 2004	216,604	117,112	333,716

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 November 2004	669,441	100,890	80,579	850,910
Additions	112,558	6,898	5,037	124,493
Disposals	-	-	(12,000)	(12,000)
At 31 October 2005	781,999	107,788	73,616	963,403
Depreciation				
At 1 November 2004	316,919	79,035	40,969	436,923
On disposals	-	-	(9,887)	(9,887)
Charge for the year	126,890	11,333	13,960	152,183
At 31 October 2005	443,809	90,368	45,042	579,219
Net book value				
At 31 October 2005	338,190	17,420	28,574	384,184
At 31 October 2004	352,522	21,855	39,610	413,987

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 October 2005	27,953
At 31 October 2004	35,102
Depreciation charge for the year	
At 31 October 2005	13,819
At 31 October 2004	12,766

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

8 Fixed asset investments

	Shares in group undertaking £
Cost	
At 1 November 2004 & at 31 October 2005	1

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
The Little Greene Paint Company Ltd	England and Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2005 £	Profit for the year 2005 £
	Principal activity		
The Little Greene Paint Company Ltd	Distribution of paints & surface coatings	983	(699)

9 Stocks

	2005 £	2004 £
Raw materials and consumables	304,352	390,537
Finished goods and goods for resale	611,539	474,678
	<u>915,891</u>	<u>865,215</u>

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

10 Debtors	2005 £	2004 £
Trade debtors	663,656	573,334
Other debtors	399,346	322,146
Prepayments and accrued income	359,030	162,274
	<u>1,422,032</u>	<u>1,057,754</u>
11 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	237,971	218,658
Net obligations under hire purchase contracts	12,175	10,921
Trade creditors	1,053,321	1,133,970
Corporation tax	19,500	-
Other taxes and social security costs	123,538	109,143
Other creditors	513,391	145,639
Accruals and deferred income	129,106	130,574
	<u>2,089,002</u>	<u>1,748,905</u>

The bank overdraft is secured by a debenture incorporating a fixed and floating charge over the assets and undertakings of the company.

Other creditors includes £300,086 (2004 - £142,242) which is secured by a floating charge over some of the book debts.

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

12 Creditors: amounts falling due after more than one year	2005 £	2004 £
Other loans	192,000	400,000
Net obligations under hire purchase contracts	2,072	19,888
	<u>194,072</u>	<u>419,888</u>
Analysis of loans		
Wholly repayable within five years	192,000	400,000
	<u>192,000</u>	<u>400,000</u>
Net obligations under hire purchase contracts		
Repayable within one year	12,175	10,921
Repayable between one and five years	2,072	19,888
	<u>14,247</u>	<u>30,809</u>
Included in liabilities falling due within one year	(12,175)	(10,921)
	<u>2,072</u>	<u>19,888</u>

13 Provisions for liabilities and charges

	Deferred tax liability £
Profit and loss account	32,450
Balance at 31 October 2005	<u>32,450</u>

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	32,450	41,839
Other timing differences	-	(6,844)
Tax losses available	-	(34,995)
	<u>32,450</u>	<u>-</u>

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

14 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £11,726 (2004- £11,008).

15 Share capital	2005 £	2004 £
Authorised		
100,000 Ordinary shares 'A' of £1 each	100,000	100,000
500,000 Ordinary shares 'B' of £1 each	500,000	500,000
500,000 9% cumulative non-participating redeemable preference shares of £1 each	500,000	500,000
	<u>1,100,000</u>	<u>1,100,000</u>
Allotted, called up and fully paid		
80,000 Ordinary shares 'A' of £1 each	80,000	80,000
49,350 Ordinary shares 'B' of £1 each	49,350	49,350
350,000 9% cumulative non-participating redeemable preference shares of £1 each	350,000	350,000
	<u>479,350</u>	<u>479,350</u>

The 'A' and 'B' Ordinary Shares rank pari passu as regards dividends and voting rights except that the company may determine to distribute profits by paying dividends to the 'B' shareholders only in respect of any financial year.

At 31 October 2005 the company had arrears of dividends amounting to £109,275 (2004 - £168,500) on the 350,000 9% cumulative non - participating redeemable preference shares of £1 each.

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 November 2004	26,037
Retained profit for the year	184,414
Balance at 31 October 2005	<u>210,451</u>

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

17 Reconciliation of movements in shareholders' funds	2005 £	2004 £
Profit for the financial year	184,414	114,054
Opening shareholders' funds	505,387	391,333
Closing shareholders' funds	689,801	505,387

18 Financial commitments

At 31 October 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 October 2006:

	Land and buildings		Other	
	2005 £	2004 £	2005 £	2004 £
Operating leases which expire:				
Between two and five years	70,000	70,000	18,410	16,055

19 Directors' emoluments	2005 £	2004 £
Emoluments for qualifying services	165,269	171,279

25% of the remuneration for one of the directors included in the above, T R Ayre, is capitalised as part of the cost of the research and development asset. The amount capitalised in the year was £13,333 (2004 - £12,885) which is included within the total emoluments above.

20 Transactions with directors

A property occupied by the company is owned by J S and S B Falder who are directors of the company. Rent paid during the year amounted to £30,000 (2004 - £30,000).

The company is related to H M G Paints Limited and H Marcel Guest Limited by virtue of the common directorships of JS Falder and SB Falder. Bradite Limited has trading arrangements with these companies whereby it purchased goods to the value of £8,763 (2004 - £22,852), sold goods to the value of £6,417 (2004 - £5,083) and paid interest amounting to £22,800 (2004 - £20,400). The amount owed to H M G Paints Limited and H Marcel Guest Limited at the balance sheet date was £405,305 (2004 - £403,397).

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Production	20	19
Selling and distribution	16	13
Administration	13	11
Research and developments	2	2
	<u>51</u>	<u>45</u>

Employment costs

	2005 £	2004 £
Wages and salaries	876,161	748,684
Other pension costs	11,726	11,008
	<u>887,887</u>	<u>759,692</u>