

Company Registration No 03202446 (England and Wales)

BRADITE LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2006

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BRADITE LIMITED

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BRADITE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2006

The directors present their report and financial statements for the year ended 31 October 2006

Principal activities and review of the business

The principal activity during the year continued to be the manufacture and sale of paints and associated point of sales products

The paint industry remained a challenging marketplace during the year and the company's main focus during the year has been to continue establishment of our key brands in the UK market and expansion into Western Europe

During the year the company expanded its penetration of the targeted overseas markets. Additionally, the company continued its stronghold in the UK

Growth of the business with branded and licenced paints grew significantly, this is in line with expectations and is considered satisfactory by the directors

The company 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

During the year, as a result of our efforts to grow the business, we were able to increase our turnover by 4%, our gross and net margins remained steady

The two principal risks and uncertainties facing the company are the risks of oil price inflation and defaults on debts from customers. Oil price inflation took place during the early part of the year and this has been effectively passed through to the market by movement of both trade and retail prices of our products. Our control of potential bad debts has improved in the last year by the further tightening of tight credit control procedures. A continued focus on development of contracts with financially sound clients has brought stability and effective business control

Our financial risk management objectives are to ensure sufficient working capital for the company. This is achieved by careful management of our cash balances and very significant reduction of company borrowings. The cash requirements of the company are being supported by a medium term overdraft. Other than this, our use of financial instruments is not material for the assessment of the assets, liabilities, financial position and profit of the company

The results for the year are set out in the profit and loss account on page 5 of the financial statements. The directors do not recommend payment of any dividend

The company's cash position has improved in line with expectation and we envisage this trend to continue. We believe that the company is strong in the marketplace, and we look forward to further expansion in 2006-7

No events have occurred since the balance sheet date which significantly affect the company

BRADITE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of an ordinary dividend

Directors

The following directors have held office since 1 November 2005

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 2006	1 November 2005
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 2006	1 November 2005
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

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

BRADITE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

Directors' responsibilities

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

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

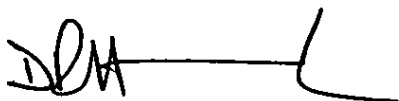
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



D R Mottershead

Director

3 June 2007

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 5 to 21, together with the financial statements of Bradite Limited for the year ended 31 October 2006 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

8 June 2007

St James Building
79 Oxford Street
Manchester
M1 6HT

BRADITE LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2006

	Notes	2006 £	2005 £
Gross profit		565,109	519,874
Administrative expenses		(302,009)	(276,605)
Operating profit	2	263,100	243,269
Investment income	3	50,000	50,000
Interest payable and similar charges	4	(46,706)	(56,905)
Profit on ordinary activities before taxation		266,394	236,364
Tax on profit on ordinary activities	5	(68,097)	(51,950)
Profit for the year	16	198,297	184,414

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

BRADITE LIMITED

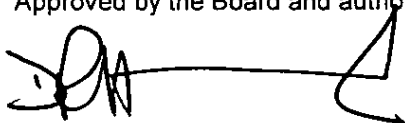
ABBREVIATED BALANCE SHEET

AS AT 31 OCTOBER 2006

		2006		2005	
	Notes	£	£	as restated	£
Fixed assets					
Intangible assets	6		181,872		258,713
Tangible assets	7		276,232		384,184
Investments	8		1		1
			<u>458,105</u>		<u>642,898</u>
Current assets					
Stocks	9	872,783		915,891	
Debtors	10	1,277,663		1,422,032	
Cash at bank and in hand		28,501		24,504	
			<u>2,178,947</u>	<u>2,362,427</u>	
Creditors: amounts falling due within one year	11	<u>(1,835,231)</u>		<u>(2,198,277)</u>	
Net current assets			<u>343,716</u>		<u>164,150</u>
Total assets less current liabilities			<u>801,821</u>		<u>807,048</u>
Creditors, amounts falling due after more than one year	12		(361,204)		(544,072)
Provisions for liabilities	13		(11,794)		(32,450)
			<u>428,823</u>		<u>230,526</u>
Capital and reserves					
Called up share capital	15		129,350		129,350
Profit and loss account	16		299,473		101,176
Shareholders' funds			<u>428,823</u>		<u>230,526</u>

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

Approved by the Board and authorised for issue on 8 June 2007



D R Mottershead
Director

BRADITE LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2006

1	Reconciliation of operating profit to net cash inflow from operating activities	2006	2005
		£	£
	Operating profit	263,100	243,269
	Depreciation of tangible assets	155,973	152,183
	Amortisation of intangible assets	115,688	138,884
	Loss on disposal of tangible assets	3,468	1,313
	Decrease/(increase) in stocks	43,108	(50,676)
	Decrease/(increase) in debtors	144,369	(364,278)
	(Decrease)/Increase in creditors within one year	(555,067)	300,030
	Net cash inflow from operating activities	170,639	420,725

2	Analysis of net debt	1 November 2005	Cash flow	Other non-cash changes	31 October 2006
		£	£	£	£
	as restated				
	Net cash				
	Cash at bank and in hand	24,504	3,997	-	28,501
	Bank overdrafts	(237,971)	(40,686)	-	(278,657)
		(213,467)	(36,689)	-	(250,156)
	Bank deposits	-	-	-	-
	Debt				
	Finance leases	(14,247)	(3,159)	-	(17,406)
	Debts falling due within one year	-	-	(88,129)	(88,129)
	Debts falling due after one year	(542,000)	104,000	88,129	(349,871)
		(556,247)	100,841	-	(455,406)
	Net debt	(769,714)	64,152	-	(705,562)

BRADITE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2006

	£	2006 £	£	2005 £
Net cash inflow from operating activities		170,639		420,725
Returns on investments and servicing of finance				
Interest paid	(46,706)		(56,905)	
Dividends received	50,000		50,000	
Net cash inflow/(outflow) for returns on investments and servicing of finance		3,294		(6,905)
Taxation		(19,445)		-
Capital expenditure				
Payments to acquire intangible assets	(68,262)		(63,876)	
Payments to acquire tangible assets	(36,989)		(124,493)	
Receipts from contribution towards intangible assets	29,415		-	
Receipts from sales of tangible assets	1,500		795	
Net cash outflow for capital expenditure		(74,336)		(187,574)
Net cash inflow before management of liquid resources and financing		80,152		226,246
Financing				
Repayment of other long term loans	(104,000)		(208,000)	
Capital element of hire purchase contracts	(12,841)		(16,562)	
Net cash inflow/(outflow) from financing		(116,841)		(224,562)
Increase in cash in the year		(36,689)		1,684

BRADITE LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2006

1	Reconciliation of operating profit to net cash inflow from operating activities	2006	2005
		£	£
	Operating profit	263,100	243,269
	Depreciation of tangible assets	155,973	152,183
	Amortisation of intangible assets	115,688	138,884
	Loss on disposal of tangible assets	3,468	1,313
	Decrease/(increase) in stocks	43,108	(50,676)
	Decrease/(increase) in debtors	144,369	(364,278)
	(Decrease)/Increase in creditors within one year	(555,066)	300,030
	Net cash inflow from operating activities	170,640	420,725

2	Analysis of net debt	1 November 2005	Cash flow	Other non-cash changes	31 October 2006
		£	£	£	£
	as restated				
	Net cash				
	Cash at bank and in hand	24,504	3,997	-	28,501
	Bank overdrafts	(237,971)	(40,686)	-	(278,657)
		(213,467)	(36,689)	-	(250,156)
	Bank deposits	-	-	-	-
	Debt				
	Finance leases	(14,247)	(3,159)	-	(17,406)
	Debts falling due within one year	-	-	(88,129)	(88,129)
	Debts falling due after one year	(542,000)	104,000	88,129	(349,871)
		(556,247)	100,841	-	(455,406)
	Net debt	(769,714)	64,152	-	(705,562)

BRADITE LIMITED

NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

3 Reconciliation of net cash flow to movement in net debt	2006	2005
	£	£ as restated
(Decrease)/increase in cash in the year	(36,689)	1,684
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	100,841	224,562
Prior year adjustment	-	(350,000)
As restated	-	(125,438)
Movement in net debt in the year	64,152	(123,754)
Opening net debt	(769,714)	(645,960)
Closing net debt	(705,562)	(769,714)

4 Major non-cash transactions

The £350,000 movement in debt is as a result of the prior year adjustment to reclass preference shares as debt. See note 21 for further details.

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2006

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 has been provided to write off the cost against specific product lines included in the respective licence agreements to their residual value, as determined by the directors, of £100,000

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 year.

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.

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.

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

1 Accounting policies

(continued)

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 small 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

	2006 £	2005 £
Operating profit is stated after charging		
Amortisation of intangible assets	115,688	138,884
Depreciation of tangible assets	155,973	152,183
Loss on disposal of tangible assets	3,468	1,313
Loss on foreign exchange transactions	-	1,728
Operating lease rentals	101,816	107,974
Auditors' remuneration	9,000	6,800

3 Investment income

	2006 £	2005 £
Income from shares in group undertakings	50,000	50,000

4 Interest payable

	2006 £	2005 £
On amounts payable to connected company	22,800	22,800
On bank loans and overdrafts	22,379	31,253
Hire purchase interest	1,527	2,852
	46,706	56,905

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

5	Taxation	2006 £	2005 £
	Domestic current year tax		
	UK corporation tax	88,808	19,500
	Adjustment for prior years	(55)	-
		<hr/>	<hr/>
	Current tax charge	88,753	19,500
	Deferred tax		
	Deferred tax charge/credit current year	(20,656)	32,450
		<hr/>	<hr/>
		68,097	51,950
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	266,394	236,364
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%)	79,918	70,909
		<hr/>	<hr/>
	Effects of		
	Permanent timing differences	3,054	614
	Depreciation add back	47,832	46,049
	Capital allowances	(26,996)	(38,351)
	Tax losses utilised	-	(38,797)
	Non taxable group dividend	(15,000)	(15,000)
	Adjustments to previous periods	(55)	-
	Marginal relief	-	(5,924)
		<hr/>	<hr/>
		8,835	(51,409)
		<hr/>	<hr/>
	Current tax charge	88,753	19,500
		<hr/>	<hr/>

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

6 Intangible fixed assets

	Licences	Development Costs	Total
	£	£	£
Cost			
At 1 November 2005	300,000	434,559	734,559
Contribution	(29,415)	-	(29,415)
Additions	-	68,262	68,262
	<hr/>	<hr/>	<hr/>
At 31 October 2006	270,585	502,821	773,406
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 November 2005	146,344	329,502	475,846
Charge for the year	24,241	91,447	115,688
	<hr/>	<hr/>	<hr/>
At 31 October 2006	170,585	420,949	591,534
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 October 2006	100,000	81,872	181,872
	<hr/>	<hr/>	<hr/>
At 31 October 2005	153,656	105,057	258,713
	<hr/>	<hr/>	<hr/>

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 November 2005	781,999	107,788	73,616	963,403
Additions	28,165	3,824	21,000	52,989
Disposals	-	-	(16,999)	(16,999)
At 31 October 2006	810,164	111,612	77,617	999,393
Depreciation				
At 1 November 2005	443,809	90,368	45,042	579,219
On disposals	-	-	(12,031)	(12,031)
Charge for the year	132,626	13,383	9,964	155,973
At 31 October 2006	576,435	103,751	42,975	723,161
Net book value				
At 31 October 2006	233,729	7,861	34,642	276,232
At 31 October 2005	338,190	17,420	28,574	384,184

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

	Motor vehicles £
Net book values	
At 31 October 2006	31,297
At 31 October 2005	27,953
Depreciation charge for the year	
At 31 October 2006	7,052
At 31 October 2005	13,819

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2006

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 November 2005 & at 31 October 2006	1
Net book value	
At 31 October 2006	1
	<hr/>
At 31 October 2005	1
	<hr/>

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 Limited	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 2006 £	Profit for the year 2006 £
	Principal activity		
The Little Greene Paint Company Limited	Distribution of paints & surface coatings	3,025	52,042
		<hr/>	<hr/>

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

9 Stocks	2006 £	2005 £
Raw materials and consumables	303,366	304,352
Finished goods and goods for resale	569,417	611,539
	<hr/>	<hr/>
	872,783	915,891
	<hr/>	<hr/>

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

10 Debtors	2006 £	2005 £
Trade debtors	535,672	663,656
Other debtors	484,637	399,346
Prepayments and accrued income	257,354	359,030
	<u>1,277,663</u>	<u>1,422,032</u>

11 Creditors amounts falling due within one year	2006 £	2005 As restated £
Bank overdraft	278,657	237,971
Net obligations under hire purchase contracts	6,073	12,175
Trade creditors	870,225	1,053,321
Corporation tax	88,808	19,500
Other taxes and social security costs	171,726	123,538
Other creditors	-	513,391
Accruals and deferred income	69,742	347,656
Preference shares	350,000	-
	<u>1,835,231</u>	<u>2,307,552</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 £nil (2005 - £300,086) 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 2006

12 Creditors amounts falling due after more than one year	2006	2005
	£	As restated £
Other creditors	349,871	192,000
Net obligations under hire purchase contracts	11,333	2,072
Preference shares	-	350,000
	<u>361,204</u>	<u>544,072</u>
Analysis of loans		
Wholly repayable within five years	349,871	192,000
	<u>349,871</u>	<u>192,000</u>
Loan maturity analysis		
In more than one year but not more than two years	349,871	104,000
In more than two years but not more than five years	-	88,000
	<u></u>	<u></u>
Preference shares classified as financial liabilities		
In more than one year but not more than two years	-	350,000
	<u></u>	<u></u>
Net obligations under hire purchase contracts		
Repayable within one year	6,073	12,175
Repayable between one and five years	11,333	2,072
	<u>17,406</u>	<u>14,247</u>
Included in liabilities falling due within one year	(6,073)	(12,175)
	<u>11,333</u>	<u>2,072</u>

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

13 Provisions for liabilities

	Deferred tax liability £
Balance at 1 November 2005	32,450
Profit and loss account	(20,656)
	<u>11,794</u>
Balance at 31 October 2006	<u>11,794</u>

The deferred tax liability is made up as follows:

	2006 £	2005 £
Accelerated capital allowances	<u>11,794</u>	<u>32,450</u>

14 Pension costs

Defined contribution

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.

	2006 £	2005 £
Contributions payable by the company for the year	<u>15,844</u>	<u>11,726</u>

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2006

15 Share capital	2006 £	2005 As restated £
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
	<u>600,000</u>	<u>600,000</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
	<u>129,350</u>	<u>129,350</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

16 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 November 2005 as previously reported	210,451
Prior year adjustment	(109,275)
Balance at 1 November 2005 as restated	<u>101,176</u>
Profit for the year	198,297
Balance at 31 October 2006	<u>299,473</u>

17 Financial commitments

At 31 October 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 October 2007

	Land and buildings		Other	
	2006 £	2005 £	2006 £	2005 £
Operating leases which expire				
Between two and five years	<u>70,000</u>	<u>70,000</u>	<u>18,410</u>	<u>18,410</u>

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

18 Directors' emoluments	2006 £	2005 £
Emoluments for qualifying services	<u>225,742</u>	<u>165,269</u>

25% of the remuneration for one of the directors included in the above is capitalised as part of the cost of the research and development asset. The amount capitalised in the year was £16,754 (2005 - £13,333) which is included within the total emoluments above.

19 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 £35,000 (2005 - £30,000).

The company is related to H M G Paints Limited and H Marcel Guest Limited by virtue of the common directorships of J S Falder and S B Falder. Bradite Limited has trading arrangements with these companies whereby it purchased goods to the value of £39,698 (2005 - £8,763), sold goods to the value of £2,718 (2005 - £6,417) and paid interest amounting to £22,800 (2005 - £22,800). The amount owed to H M G Paints Limited and H Marcel Guest Limited at the balance sheet date was £349,871 (2005 - £405,305) which is included in long term creditors.

BRADITE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2006

20 Employees

Number of employees

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

	2006 Number	2005 Number
Production	22	20
Selling and distribution	16	16
Administration	12	13
Research and developments	2	2
	<u>52</u>	<u>51</u>

Employment costs

	2006 £	2005 £
Wages and salaries	1,171,101	987,704
Social security costs	95,400	79,350
Other pension costs	15,844	11,726
	<u>1,282,345</u>	<u>1,078,780</u>

21 Prior year adjustment

During the year the company made a prior year adjustment to the accounts following the implementation of Financial Reporting Standard 25 - Financial Instruments (Disclosures)

FRS 25 requires that redeemable preference share capital is treated as debt and that preference dividends should be treated as an interest charge. As a result of the implication of this standard, preference share capital of £350,000 has been reclassified from share capital to creditors due after more than one year on the 2005 balance sheet. The impact of this adjustment has been to reduce opening shareholders funds by £350,000. The change in accounting for preference dividends from dividends to interest has reduced opening reserves and therefore shareholders funds by £109,275. This relates to the payment of dividends which were owing from before 31 October 2005.