

**Report of the Directors and
Financial Statements
for the Year Ended 31 July 2006
for
Ewbank Products Limited**

WEDNESDAY



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for the Year Ended 31 July 2006**

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Ewbank Products Limited

Report of the Directors for the Year Ended 31 July 2006

The directors present their report with the financial statements of the company for the year ended 31 July 2006

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and sale of non electrical floorcare

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2005 to the date of this report

J N Baseley
K Pavia
T G Hopper
C H Webber

The interests of the directors in the shares of the parent company, Earlex Limited, are shown in the financial statements of that company

STATEMENT OF 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 these 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS


So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director 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

AUDITORS

The auditors, Roffe Swayne, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

ON BEHALF OF THE BOARD:


K Pavia - Director

Date

24th May 2007

**Report of the Independent Auditors to the Shareholders of
Ewbank Products Limited**

We have audited the financial statements of Ewbank Products Limited for the year ended 31 July 2006 on pages five to eleven. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 auditors' 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

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 Report of the Directors 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 Report of the Directors 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 judgements 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.

**Report of the Independent Auditors to the Shareholders of
Ewbank Products Limited**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 July 2006 and of its loss 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 Report of the Directors is consistent with the financial statements

Roffe Swayne
Registered Auditors &
Chartered Accountants
Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ

Roffe Swayne

Date *29 May 2007*

Ewbank Products Limited
Profit and Loss Account
for the Year Ended 31 July 2006

	Notes	2006 £	2005 £
TURNOVER	2	1,907,204	2,274,323
Cost of sales		1,390,954	1,701,259
GROSS PROFIT		516,250	573,064
Administrative expenses		636,389	738,425
OPERATING LOSS	3	(120,139)	(165,361)
Interest receivable and similar income		2,941	4,146
		(117,198)	(161,215)
Interest payable and similar charges		8,481	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(125,679)	(161,215)
Tax on loss on ordinary activities	4	16,535	5,773
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(142,214)	(166,988)

The notes form part of these financial statements

Ewbank Products Limited

**Balance Sheet
31 July 2006**

	Notes	2006 £	2005 £
FIXED ASSETS			
Intangible assets	5	-	25,000
Tangible assets	6	43,184	70,004
		<u>43,184</u>	<u>95,004</u>
CURRENT ASSETS			
Stocks		181,067	206,126
Debtors	7	466,129	403,578
Cash at bank		74,529	152,706
		<u>721,725</u>	<u>762,410</u>
CREDITORS			
Amounts falling due within one year	8	461,316	411,607
NET CURRENT ASSETS		<u>260,409</u>	<u>350,803</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>303,593</u>	<u>445,807</u>
CAPITAL AND RESERVES			
Called up share capital	12	104,600	104,600
Share premium	13	455,400	455,400
Profit and loss account	13	(256,407)	(114,193)
SHAREHOLDERS' FUNDS		<u>303,593</u>	<u>445,807</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board of Directors on

24th May 2007

and


J N Baseley - Director

Notes to the Financial Statements
for the Year Ended 31 July 2006

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The company is reporting a loss of £142,214 for the year to 31 July 2006. The directors have prepared detailed profit and loss account, balance sheet and cash flow forecasts for the period to 31 July 2008. The achievement of these forecasts is dependent on meeting sales targets and the timing of resultant cash flows. These accounts are prepared on the going concern basis on the assumption that the company continues to receive support from its parent company. The parent company has confirmed that this support will continue for the foreseeable future.

On the basis of the forecasts produced, and continuing support from the parent company, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

Turnover represents net sales, excluding value added tax, and net of sales rebates.

Intangible fixed assets

Intangible fixed assets comprise brands, patents, trade marks and intellectual property rights and are stated at net book value.

The directors consider that the intangible fixed assets have a useful economic life of four years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	- 20% to 50% straight line
Fixtures and fittings	- 20% to 50% straight line
Motor vehicles	- 25% straight line
Tools, dies and moulds	- 50% straight line
Improvements to property	- over the lease term

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2 TURNOVER

Exports accounted for 3.3% of the turnover (2005: 4.4%).

Notes to the Financial Statements - continued
for the Year Ended 31 July 2006

3 OPERATING LOSS

The operating loss is stated after charging/(crediting)

	2006	2005
	£	£
Depreciation - owned assets	69,839	57,753
Goodwill amortisation	25,000	25,000
Auditors' remuneration	8,404	5,811
Pension costs	17,252	24,158
Foreign exchange gain	(11,126)	(9,638)
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	-	-
	<u> </u>	<u> </u>

4 TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows

	2006	2005
	£	£
Deferred tax	16,535	5,773
	<u> </u>	<u> </u>
Tax on loss on ordinary activities	16,535	5,773
	<u> </u>	<u> </u>

5 INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 August 2005 and 31 July 2006	100,000
	<u> </u>
AMORTISATION	
At 1 August 2005	75,000
Charge for year	25,000
	<u> </u>
At 31 July 2006	100,000
	<u> </u>
NET BOOK VALUE	
At 31 July 2006	-
	<u> </u>
At 31 July 2005	25,000
	<u> </u>

Ewbank Products Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2006**

6 TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Tooling £
COST			
At 1 August 2005	14,098	46,867	295,539
Additions	-	857	26,004
At 31 July 2006	14,098	47,724	321,543
DEPRECIATION			
At 1 August 2005	3,759	33,496	259,502
Charge for year	3,756	3,399	49,036
At 31 July 2006	7,515	36,895	308,538
NET BOOK VALUE			
At 31 July 2006	6,583	10,829	13,005
At 31 July 2005	10,339	13,371	36,037

	Motor vehicles £	Fixtures and fittings £	Totals £
COST			
At 1 August 2005	-	93,028	449,532
Additions	16,158	-	43,019
At 31 July 2006	16,158	93,028	492,551
DEPRECIATION			
At 1 August 2005	-	82,771	379,528
Charge for year	3,391	10,257	69,839
At 31 July 2006	3,391	93,028	449,367
NET BOOK VALUE			
At 31 July 2006	12,767	-	43,184
At 31 July 2005	-	10,257	70,004

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade debtors	337,633	365,612
Amounts owed by group undertakings	98,985	-
Taxation	-	217
Deferred tax asset	-	16,535
Prepayments and accrued income	29,511	21,214
	466,129	403,578

Notes to the Financial Statements - continued
for the Year Ended 31 July 2006

13 RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 August 2005	(114,193)	455,400	341,207
Deficit for the year	(142,214)		(142,214)
At 31 July 2006	<u>(256,407)</u>	<u>455,400</u>	<u>198,993</u>

14 PENSION COMMITMENTS

The company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company to the funds and amounted to £17,252 (2005 £24,158).

There was an amount of £7,599 (2005 £1,858) outstanding and payable to the scheme at the balance sheet date.

15 ULTIMATE PARENT COMPANY

The ultimate parent company is Earlex Limited, a company incorporated in England and Wales. A copy of the company's accounts can be obtained from the registered address at Opus Park, Moorfield Road, Slyfield Industrial Estate, Guildford, Surrey.

16 RELATED PARTY DISCLOSURES

During the year Clarke Cable, a division of Earlex Limited, the ultimate parent company, provided management services to the company costing £2,800 (2005 £739). There were no amounts outstanding at the balance sheet date (2005 £Nil).

During the year Earlex Inc, a fellow subsidiary undertaking, paid sales commission to the company in respect of sales of its products in the U S A. Commission totalling £Nil (2005 £6,839) was receivable by the company and £Nil was outstanding at the balance sheet date (2005 £1,493).

17 CONTROLLING PARTY

The company is owned and controlled by Earlex Limited, the ultimate parent company.