

COMPANY REGISTRATION NUMBER 3501775

**CHARTERHOUSE HOLDINGS UK LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2006**

**MASONS AUDIT LIMITED**

Chartered Accountants  
& Registered Auditors  
4 Hadleigh Business Centre  
351 London Road  
Hadleigh  
Essex  
SS7 2BT

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COMPANIES HOUSE

# **CHARTERHOUSE HOLDINGS UK LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

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# **CHARTERHOUSE HOLDINGS UK LIMITED**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2006**

The directors present their report and the financial statements of the group for the year ended 31 December 2006

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was the supply of materials to the construction industry

Despite the overall market declining year on year Charterhouse has seen turnover grow by 5%. Charterhouse has traditionally relied on bricks as a core business and this is still the case. However in view of the changes in ownership in some of the key developer accounts who have been acquired by larger companies the sales force has focussed more on medium sized builders and developers who have a need for a broader range of building materials. Although rewarding this sector is more difficult to service and the risk of bad debt is higher.

Provision has been made in the 2006 figures for £68,000 of bad debt. This is very disappointing as over a long period the average annual bad debt has been well below this figure and reflects the change in customer orientation and some market uncertainty. Charterhouse would have profitably traded for the period if this figure had been contained as margins have remained stable and costs have been carefully controlled. To prevent this situation arising in the future and going forward the company has now committed to bad debt credit insurance which goes a great deal to overcoming and virtually eliminating this problem. Not only would any bad debts be recovered but more rigorous systems are in place for 2007 and beyond to minimise risk and regularly analyse customer financial standing.

The management team continue to be very committed and are ably supported by an experienced group of sales, administration and support staff. Cash flow for the period has been strong allowing earlier payment of suppliers and in some instances payments on account with some significant high volume suppliers.

The Brick Industry has seen more consolidation. As Charterhouse retains an important place within this industry and is well regarded, a major competitor, Brickability Holdings Ltd, made an approach to acquire the business in January 2007 and negotiations have resulted in a successful sale of the company on June 1st 2007. The combined Group will have a significant critical mass within the industry. Superior buying power and some cost reduction will enhance the margins. In depth coverage will be provided to developer customers and larger contractors. Continued relations with suppliers will be further built on and overall prospects are good with solid order books.

The directors are confident that the company, especially with the new structure and improved balance sheet, has an established platform with a loyal and focussed management and staff. There are considerable opportunities with some of the major contractors and Charterhouse within the Brickability Group intends to exploit not only these opportunities but also openings for the Olympic build programme and other major house building initiatives.

### **RESULTS AND DIVIDENDS**

The loss for the year amounted to £92,795. Particulars of dividends paid are detailed in note 19 to the financial statements.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Directors meet regularly to consider the financial risks encountered by the Company. Appropriate measures are taken to minimise these risks once identified. The Company monitors

# CHARTERHOUSE HOLDINGS UK LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2006

credit risk closely and considers that its current policies of credit risk checks meet its objectives in managing exposure to credit risk

### THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

	Ordinary Shares of £1 each	
	At 31 December 2006	At 1 January 2006
AH Pontin (resigned 1 June 2007)	5,000	5,000
RF Wookey	<u>5,000</u>	<u>5,000</u>

On 1 June 2007 PR Milton and AJ Simpson were appointed as directors

On 1 June 2007 the shares owned by AH Pontin and RF Wookey were sold to Brickability Holdings Limited PR Milton and AJ Simpson own 27,000 and 6,000 Ordinary £1 shares respectively in the issued ordinary share capital of Brickability Holdings Limited

### POLICY ON THE PAYMENT OF CREDITORS

In respect of all of its suppliers it is the group's policy to settle terms of payment when agreeing the terms of each transaction, to ensure that its suppliers are made aware of these terms and abide by them

For the year ended 31st December 2006 the average payment term was 38 days (2005 41 days)

### DIRECTORS' RESPONSIBILITIES

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 the group and of the profit or loss of the group for that year 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 group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

# CHARTERHOUSE HOLDINGS UK LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2006

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

### DONATIONS

During the year the company made the following contributions

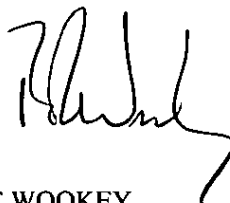
	2006	2005
	£	£
Charitable	<u>742</u>	<u>1,565</u>

### AUDITOR

Following the change of ownership a resolution to appoint new auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985. At present the incoming auditors have yet to be confirmed.

Registered office  
Mill Green House  
48/50 Mill Green Road  
Mitcham  
Surrey  
CR4 4HY

Signed by order of the directors



RF WOOKEY  
Director

Approved by the directors on 28 June 2007

# **CHARTERHOUSE HOLDINGS UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHARTERHOUSE HOLDINGS UK LIMITED**

**YEAR ENDED 31 DECEMBER 2006**

We have audited the group and parent company financial statements ("the financial statements") of Charterhouse Holdings UK Limited for the year ended 31 December 2006 on pages 6 to 19, which have been prepared on the basis of the accounting policies set out on pages 10 to 11

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

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 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).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

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

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

### **BASIS OF AUDIT OPINION**

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

# CHARTERHOUSE HOLDINGS UK LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHARTERHOUSE HOLDINGS UK LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2006

### 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 December 2006 and of the group's 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 Directors' Report is consistent with the financial statements



MASON'S AUDIT LIMITED  
Chartered Accountants  
& Registered Auditors

4 Hadleigh Business Centre  
351 London Road  
Hadleigh  
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SS7 2BT

28 June 2007

# CHARTERHOUSE HOLDINGS UK LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>13,321,140</b>	<b>12,721,686</b>
Cost of sales		<u>12,129,392</u>	<u>11,500,965</u>
<b>GROSS PROFIT</b>		<b>1,191,748</b>	<b>1,220,721</b>
Administrative expenses		<u>1,202,945</u>	<u>1,175,191</u>
<b>OPERATING (LOSS)/PROFIT</b>	<b>3</b>	<b>(11,197)</b>	<b>45,530</b>
Interest receivable		<u>1,702</u>	<u>1,655</u>
Interest payable and similar charges	<b>6</b>	<u>(87,645)</u>	<u>(79,879)</u>
Share of loss in associated undertaking		<u>-</u>	<u>(29,700)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(97,140)</b>	<b>(62,394)</b>
Tax on loss on ordinary activities	<b>7</b>	<u>(4,345)</u>	<u>3,726</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(92,795)</b>	<b>(66,120)</b>
Minority interests		<u>17,538</u>	<u>1,576</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>8</b>	<b>(110,333)</b>	<b>(67,696)</b>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account

The notes on pages 10 to 19 form part of these financial statements



# CHARTERHOUSE HOLDINGS UK LIMITED

## GROUP BALANCE SHEET

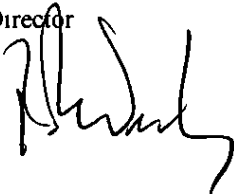
31 DECEMBER 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Intangible assets	9	526,185	564,604
Tangible assets	10	9,407	14,135
		<u>535,592</u>	<u>578,739</u>
<b>CURRENT ASSETS</b>			
Debtors	12	2,280,280	2,418,096
Cash at bank and in hand		82,570	26,875
		<u>2,362,850</u>	<u>2,444,971</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>3,282,889</u>	<u>3,285,124</u>
<b>NET CURRENT LIABILITIES</b>		<u>(920,039)</u>	<u>(840,153)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(384,447)</u>	<u>(261,414)</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	14	—	238
		<u>(384,447)</u>	<u>(261,652)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	17	10,000	10,000
Profit and loss account	18	(453,752)	(333,419)
<b>DEFICIT</b>	19	<u>(443,752)</u>	<u>(323,419)</u>
<b>MINORITY INTERESTS</b>		<u>59,305</u>	<u>61,767</u>
		<u>(384,447)</u>	<u>(261,652)</u>

These financial statements were approved by the directors and authorised for issue on 28 June 2007, and are signed on their behalf by

RF WOOKEY

Director



The notes on pages 10 to 19 form part of these financial statements.

# CHARTERHOUSE HOLDINGS UK LIMITED

## BALANCE SHEET

31 DECEMBER 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Investments	11	<u>2,197,957</u>	<u>2,197,957</u>
<b>CURRENT ASSETS</b>			
Debtors	12	10,000	10,000
Cash at bank		<u>856</u>	<u>856</u>
		10,856	10,856
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>2,154,351</u>	<u>2,150,351</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,143,495)</u>	<u>(2,139,495)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>54,462</u>	<u>58,462</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	17	10,000	10,000
Profit and loss account	18	<u>44,462</u>	<u>48,462</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>54,462</u>	<u>58,462</u>

These financial statements were approved by the directors and authorised for issue on 28 June 2007, and are signed on their behalf by

RF WOOKEY

Director



The notes on pages 10 to 19 form part of these financial statements

# CHARTERHOUSE HOLDINGS UK LIMITED

## GROUP CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		145,523	(497,182)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	20	(85,943)	(78,224)
TAXATION	20	(4,170)	(15,078)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	20	(4,960)	(33,409)
SHARE OF LOSS IN ASSOCIATED UNDERTAKING		—	(29,700)
EQUITY DIVIDENDS PAID		(10,000)	(18,000)
INCREASE/(DECREASE) IN CASH	20	<u>40,450</u>	<u>(671,593)</u>

### RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating (loss)/profit	(11,197)	45,530
Amortisation	38,419	38,419
Depreciation	9,688	8,367
Decrease in debtors	141,923	251,691
Decrease in creditors	<u>(33,310)</u>	<u>(841,189)</u>
Net cash inflow/(outflow) from operating activities	<u>145,523</u>	<u>(497,182)</u>

The notes on pages 10 to 19 form part of these financial statements

# CHARTERHOUSE HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 1 ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - over twenty years

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings - 20% reducing balance basis  
Equipment - over three years

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# CHARTERHOUSE HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 1 ACCOUNTING POLICIES *(continued)*

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over in to replacement assets and charged to tax only where the replacement assets are sold,

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### 2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group  
An analysis of turnover is given below

	2006 £	2005 £
United Kingdom	<u>13,321,140</u>	<u>12,721,686</u>

### 3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2006 £	2005 £
Amortisation	38,419	38,419
Depreciation of owned fixed assets	9,688	8,367
Auditor's remuneration		
- as auditor	6,000	7,800
Operating lease costs		
Other	<u>29,370</u>	<u>29,256</u>

# CHARTERHOUSE HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	2006	2005
	No	No
Number of distribution staff	13	14
Number of administrative staff	3	3
Number of management staff	6	5
	<u>22</u>	<u>22</u>

The aggregate payroll costs of the above were

	2006	2005
	£	£
Wages and salaries	676,535	659,706
Social security costs	73,362	77,540
Other pension costs	28,914	28,914
	<u>778,811</u>	<u>766,160</u>

### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2006	2005
	£	£
Emoluments receivable	45,000	43,050
Value of company pension contributions to money purchase schemes	6,000	6,000
	<u>51,000</u>	<u>49,050</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2006	2005
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Interest payable on bank borrowing	1,983	2,224
Other similar charges payable	85,662	77,655
	<u>87,645</u>	<u>79,879</u>

# CHARTERHOUSE HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 7. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2006 £	2005 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 19% (2005 - 19%)	(4,107)	4,218
Deferred tax		
Origination and reversal of timing differences	(238)	(492)
Tax on loss on ordinary activities	<u>(4,345)</u>	<u>3,726</u>

#### (b) Factors affecting current tax charge

	2006 £	2005 £
Loss on ordinary activities before taxation	<u>(97,140)</u>	<u>(62,394)</u>
Profit/(loss) on ordinary activities by rate of tax	(18,456)	(11,854)
Expenses not deductible for tax	10,951	22,614
Capital allowances in excess of depreciation	812	540
Losses carried forward/(utilised)	<u>2,586</u>	<u>(7,082)</u>
Total current tax (note 7(a))	<u>(4,107)</u>	<u>4,218</u>

# CHARTERHOUSE HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £6,000 (2005 - £Nil)

### 9. INTANGIBLE FIXED ASSETS

Group	Goodwill £
<b>COST</b>	
At 1 January 2006 and 31 December 2006	<u>842,927</u>
<b>AMORTISATION</b>	
At 1 January 2006	278,323
Charge for the year	<u>38,419</u>
At 31 December 2006	<u>316,742</u>
<b>NET BOOK VALUE</b>	
At 31 December 2006	<u>526,185</u>
At 31 December 2005	<u>564,604</u>

### 10. TANGIBLE FIXED ASSETS

Group	Fixtures & Fittings £	Equipment £	Total £
<b>COST</b>			
At 1 January 2006	16,608	59,186	75,794
Additions	—	4,960	4,960
At 31 December 2006	<u>16,608</u>	<u>64,146</u>	<u>80,754</u>
<b>DEPRECIATION</b>			
At 1 January 2006	13,303	48,356	61,659
Charge for the year	661	9,027	9,688
At 31 December 2006	<u>13,964</u>	<u>57,383</u>	<u>71,347</u>
<b>NET BOOK VALUE</b>			
At 31 December 2006	<u>2,644</u>	<u>6,763</u>	<u>9,407</u>
At 31 December 2005	<u>3,305</u>	<u>10,830</u>	<u>14,135</u>



# CHARTERHOUSE HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 11. INVESTMENTS

Company	Group companies £
<b>COST</b>	
At 1 January 2006 and 31 December 2006	<u>2,197,957</u>
<b>NET BOOK VALUE</b>	
At 31 December 2006	<u>2,197,957</u>
At 31 December 2005	<u>2,197,957</u>

The Company has two subsidiaries, Charterhouse Construction Materials PLC and Innovative Building Solutions Limited both incorporated in England. The Company owns 95.2% and 100% of the respective issued share capital of these companies. Both subsidiaries supply materials to the construction industry.

### 12. DEBTORS

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	2,155,141	2,271,685	–	–
Other debtors	109,492	115,034	–	–
Called up share capital not paid	10,000	10,000	10,000	10,000
Prepayments and accrued income	5,647	21,377	–	–
	<u>2,280,280</u>	<u>2,418,096</u>	<u>10,000</u>	<u>10,000</u>

# CHARTERHOUSE HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 13. CREDITORS: Amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	1,643,950	1,628,705	-	-
Trade creditors	1,490,571	1,486,161	-	-
Amounts owed to group undertakings	-	-	2,154,351	2,136,351
Dividends payable	-	-	-	8,000
Other creditors	88,504	115,040	-	6,000
Accruals and deferred income	59,864	55,218	-	-
	<u>3,282,889</u>	<u>3,285,124</u>	<u>2,154,351</u>	<u>2,150,351</u>

Bank loans and overdrafts are secured by way of a debenture incorporating a fixed charge over the book debts

### 14. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Provision brought forward	238	730	-	-
Decrease in provision	(238)	(492)	-	-
Provision carried forward	<u>-</u>	<u>238</u>	<u>-</u>	<u>-</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of

Group	2006		2005	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>-</u>	<u>-</u>	<u>238</u>	<u>-</u>

# CHARTERHOUSE HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2006 the group had annual commitments under non-cancellable operating leases as set out below

Group	2006		2005	
	Land and buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire				
Within 2 to 5 years	9,250	1,000	9,250	-
After more than 5 years	20,000	-	20,000	-
	<u>29,250</u>	<u>1,000</u>	<u>29,250</u>	<u>-</u>

### 16 RELATED PARTY TRANSACTIONS

Until 1 June 2007 the company was under the joint control of Mr Pontin and Mr Wookey. Subsequently, the company is under the control of PR Milton the majority shareholder in Brickability Holdings Limited.

The Group has a contract for services with Direction Forward, a business in which Mr Wookey has an interest. The total amount payable by the Group under this agreement was £64,280 (2005 £46,066).

### 17 SHARE CAPITAL

#### Authorised share capital:

	2006 £	2005 £
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

#### Allotted and called up:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows

	2006 £	2005 £
Ordinary shares	<u>10,000</u>	<u>10,000</u>

# CHARTERHOUSE HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 18. RESERVES

Group	Profit and loss account £
Balance brought forward	(333,419)
Loss for the year	(110,333)
Equity dividends	(10,000)
Balance carried forward	<u>(453,752)</u>
Company	Profit and loss account £
Balance brought forward	48,462
Profit for the year	6,000
Equity dividends	(10,000)
Balance carried forward	<u>44,462</u>

### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Loss for the financial year	(110,333)	(67,696)
Equity dividends paid (FRS 25)	(10,000)	(10,000)
Net reduction to shareholders' deficit	(120,333)	(77,696)
Opening shareholders' deficit	(323,419)	(245,723)
Closing shareholders' deficit	<u>(443,752)</u>	<u>(323,419)</u>

### 20. NOTES TO THE STATEMENT OF CASH FLOWS

#### RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2006 £	2005 £
Interest received	1,702	1,655
Interest paid	(87,645)	(79,879)
Net cash outflow from returns on investments and servicing of finance	<u>(85,943)</u>	<u>(78,224)</u>

#### TAXATION

	2006 £	2005 £
Corporation tax paid	(4,170)	(15,078)

# CHARTERHOUSE HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### CAPITAL EXPENDITURE

	2006 £	2005 £
Payments to acquire intangible fixed assets	–	(29,700)
Payments to acquire tangible fixed assets	<u>(4,960)</u>	<u>(3,709)</u>
Net cash outflow from capital expenditure	<u>(4,960)</u>	<u>(33,409)</u>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2006 £	2005 £
Increase/(Decrease) in cash in the period	<u>40,450</u>	<u>(671,593)</u>
Movement in net debt in the period	<u>40,450</u>	<u>(671,593)</u>
Net debt at 1 January 2006	<u>(1,601,830)</u>	<u>(930,237)</u>
Net debt at 31 December 2006	<u>(1,561,380)</u>	<u>(1,601,830)</u>

### ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2006 £	Cash flows £	At 31 Dec 2006 £
Net cash			
Cash in hand and at bank	26,875	55,695	82,570
Overdrafts	<u>(1,628,705)</u>	<u>(15,245)</u>	<u>(1,643,950)</u>
Net debt	<u>(1,601,830)</u>	<u>40,450</u>	<u>(1,561,380)</u>