

Report of the Directors and  
Financial Statements  
for the Year Ended 31 July 2007  
for  
Scott Products Ltd

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**Scott Products Ltd**

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for the Year Ended 31 July 2007**

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**Scott Products Ltd**

**Company Information**  
**for the Year Ended 31 July 2007**

**DIRECTORS:**

A W Welton  
Ms K A Darlington

**SECRETARY:**

Mrs M C Welton

**REGISTERED OFFICE:**

1 Whiteside  
Station Road  
Holmes Chapel  
Cheshire  
CW4 8AA

**REGISTERED NUMBER:**

04485487 (England and Wales)

**AUDITORS**

West Reynolds  
Chartered Accountants and Registered Auditors  
Black Barn  
Gay Dawn Farm  
Valley Road  
Fawkham  
Kent  
DA3 8LX

**Scott Products Ltd**

**Report of the Directors**  
**for the Year Ended 31 July 2007**

The directors present their report with the financial statements of the company for the year ended 31 July 2007

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of wholesale distribution

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements

On 31 July 2004 the company transferred all of its assets and liabilities up to its parent company.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 August 2006 to the date of this report

A W Welton  
Ms K A Darlington

The shareholdings of the directors in the ultimate parent company are disclosed in that company's financial statements

**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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, West Reynolds, 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:**

.....  .....  
Mrs M C Welton - Secretary

Date 4 February 2008

**Report of the Independent Auditors to the Shareholders of  
Scott Products Ltd**

We have audited the financial statements of Scott Products Ltd for the year ended 31 July 2007 on pages five to nine. 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 2007).

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.

**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 2007 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.

**Report of the Independent Auditors to the Shareholders of**  
**Scott Products Ltd**

**Emphasis of Matter**

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in the financial statements about the company's ability to continue as a going concern. The directors believe that no significant adjustments would be needed to restate the accounts on a cessation basis, if the company were unable to continue as a going concern.



West Reynolds  
Chartered Accountants and Registered Auditors  
Black Barn  
Gay Dawn Farm  
Valley Road  
Fawkham  
Kent  
DA3 8LX

Date 4 February 2008

**Scott Products Ltd****Profit and Loss Account**  
**for the Year Ended 31 July 2007**

	Notes	2007 £	2006 £
<b>TURNOVER</b>		<b>193,735</b>	<b>567,420</b>
Cost of sales		<u><b>182,984</b></u>	<u><b>607,204</b></u>
<b>GROSS PROFIT/(LOSS)</b>		<b>10,751</b>	<b>(39,784)</b>
Administrative expenses		<u><b>29,995</b></u>	<u><b>69,980</b></u>
<b>OPERATING LOSS</b>	<b>2</b>	<b>(19,244)</b>	<b>(109,764)</b>
Interest receivable and similar income		<u><b>1,153</b></u>	<u><b>30</b></u>
		<b>(18,091)</b>	<b>(109,734)</b>
Interest payable and similar charges		<u><b>-</b></u>	<u><b>1,589</b></u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(18,091)</b>	<b>(111,323)</b>
Tax on loss on ordinary activities	<b>3</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u><b>(18,091)</b></u>	<u><b>(111,323)</b></u>

The notes form part of these financial statements

**Scott Products Ltd****Balance Sheet**  
**31 July 2007**

	Notes	2007 £	£	2006 £	£
<b>FIXED ASSETS</b>					
Tangible assets	4		-		553
<b>CURRENT ASSETS</b>					
Stocks		-		109,538	
Debtors	5	237,452		504,815	
Cash at bank		<u>28,039</u>		<u>9,021</u>	
		265,491		623,374	
<b>CREDITORS</b>					
Amounts falling due within one year	6	<u>280,606</u>		<u>635,771</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(15,115)</u>		<u>(12,397)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(15,115)		(11,844)
<b>PROVISIONS FOR LIABILITIES</b>	7		<u>416,453</u>		<u>401,633</u>
<b>NET LIABILITIES</b>			<u>(431,568)</u>		<u>(413,477)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	8		100		100
Profit and loss account	9		<u>(431,668)</u>		<u>(413,577)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>(431,568)</u>		<u>(413,477)</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 2007)

The financial statements were approved by the Board of Directors on 4 February 2008 and were signed on its behalf by:

  
A W Wilton - Director

.....

.....

The notes form part of these financial statements



**Notes to the Financial Statements  
for the Year Ended 31 July 2007**

**1 ACCOUNTING POLICIES**

**Accounting convention**

The accounts have been prepared in accordance with applicable accounting standards and on the basis that the company can continue to operate as a going concern. The directors believe this basis to be appropriate despite the deficit on the balance sheet resulting from the provisions made in respect of a dispute with a supplier (see note 8). The directors remain hopeful that the company will obtain a favourable settlement from the ensuing court case. However the directors of the parent company have indicated that no further financial support is available.

The directors believe that no significant adjustments would be needed to restate the accounts on a cessation basis, if the company were unable to continue as a going concern.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Tangible fixed assets**

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

**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.

**2 OPERATING LOSS**

The operating loss is stated after charging

	2007 £	2006 £
Depreciation - owned assets	-	180
Loss on disposal of fixed assets	552	-
Auditors' remuneration	<u>1,500</u>	<u>1,500</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

**3 TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 July 2007 nor for the year ended 31 July 2006.

**Scott Products Ltd**

**Notes to the Financial Statements - continued  
for the Year Ended 31 July 2007**

**4. TANGIBLE FIXED ASSETS**

	Plant and machinery etc £
<b>COST</b>	
At 1 August 2006	913
Disposals	<u>(913)</u>
At 31 July 2007	-
<b>DEPRECIATION</b>	
At 1 August 2006	361
Eliminated on disposal	<u>(361)</u>
At 31 July 2007	-
<b>NET BOOK VALUE</b>	
At 31 July 2007	-
At 31 July 2006	<u>552</u>

**5 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Trade debtors	205,272	504,815
Other debtors	<u>32,180</u>	-
	<u>237,452</u>	<u>504,815</u>

**6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Trade creditors	280,606	405,598
Taxation and social security	-	3,499
Other creditors	-	<u>226,674</u>
	<u>280,606</u>	<u>635,771</u>

**7. PROVISIONS FOR LIABILITIES**

	2007 £	2006 £
Other provisions	<u>416,453</u>	<u>401,633</u>
		<b>Other provisions £</b>
Balance at 1 August 2006		401,632
Legal fees		
Disputed price reductions		
Operating cost recharge		
Balance at 31 July 2007		<u>401,632</u>

**Scott Products Ltd**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 July 2007**

**7. PROVISIONS FOR LIABILITIES - continued**

The company is currently engaged in a dispute with a major supplier over a joint venture agreement that stipulated the terms and conditions of the supply of goods to Scott Products Ltd. The company is seeking enforcement of this agreement through the courts. All purchases from this supplier have been as included at the prices agreed in the joint venture agreement, not that invoiced by the supplier. A provision of £211,181 has been made representing the adjustment that would be necessary should the joint venture agreement not be enforced by the courts.

In addition the joint venture agreement required a contribution from the supplier towards the operating costs of the company amounting to £205,272 given the dispute these accounts include a provision against the full amount invoiced.

The directors remain hopeful that they will obtain a favourable settlement to the case.

**8. CALLED UP SHARE CAPITAL**

Authorised Number	Class	Nominal value	2007 £	2006 £
1,000	Ordinary	1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid Number	Class	Nominal value	2007 £	2006 £
100	Ordinary	1	<u>100</u>	<u>100</u>

**9. RESERVES**

	Profit and loss account £
At 1 August 2006	(413,577)
Deficit for the year	<u>(18,091)</u>
At 31 July 2007	<u>(431,668)</u>

**10. ULTIMATE PARENT COMPANY**

The ultimate parent company is Scott Brothers Limited