

Sprayway Limited

Financial statements

For the period from 1 May 2006 to 30 June 2007

Grant Thornton 

THURSDAY



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COMPANIES HOUSE

Company No. 05158886

Company information

Company registration number	05158886
Registered office	Bailey Court Green Street Macclesfield SK10 1JQ
Directors	S J Cann B J Berryman
Secretary	SJ Cann
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 8 West Walk Leicester LE1 7NH

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Report of the directors

The directors present their report and the financial statements of the company for the period from 1 May 2006 to 30 June 2007

Principal activities and business review

The principal activity of the company during the year was the provision of warehouse and distribution services to J Langdon Limited (a subsidiary company) in respect of outdoor sports and leisure wear

Results and dividends

The loss for the period, after taxation, amounted to £2,812,790. The directors have not recommended a dividend.

Financial risk management objectives and policies

Directors

The directors who served the company during the period were as follows

S J Cann
B J Berryman

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 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.

In so far as the directors are aware

- there is no relevant audit information of which the company'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


Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

Small company provisions

This report has been prepared with the special provisions for small companies under Part VII of the Companies Act 1985

BY ORDER OF THE BOARD



SJ Cann
Secretary
2 May 2008

Report of the independent auditor to the members of Sprayway Limited

We have audited the financial statements of Sprayway Limited for the period from 1 May 2006 to 30 June 2007 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

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 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 members 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 Report of the Directors and the financial statements in accordance with United Kingdom law and 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 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 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.


Report of the independent auditor to the members of Sprayway Limited (continued)

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, of the state of the company's affairs as at 30 June 2007 and of its loss for the period 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



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LEICESTER
2 May 2008

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

Consolidation

The company is a wholly owned subsidiary of another company, incorporated in the European Union and in accordance with section 288 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts. The company is included in the consolidated financial statements of Swiss Cutlery (UK) Limited, its parent company.

Turnover

Turnover represents charges for warehouse and distribution services rendered to J Langdon Limited

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% Straight line
Motor Vehicles	-	20% Straight line
Equipment	-	20% Straight line

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

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all material 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

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 an 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

Profit and loss account

	Note	Period from 1 May 06 to 30 Jun 07 £	Year to 30 Apr 06 £
Turnover	1	2,124,247	2,113,003
Other operating charges	2	1,843,202	1,931,875
Operating profit		281,045	181,128
Interest payable and similar charges	4	314,183	250,598
		(33,138)	(69,470)
Exceptional item			
Provisions associated with restructuring of operations (see note 18)		(2,770,329)	-
Loss on ordinary activities before taxation		(2,803,467)	(69,470)
Tax on loss on ordinary activities	5	9,323	(25,222)
Loss for the financial period		(2,812,790)	(44,248)
Balance brought forward		(172,749)	(128,501)
Balance carried forward		<u>(2,985,539)</u>	<u>(172,749)</u>

All of the activities of the company are classed as continuing

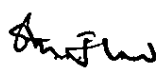
The company has no recognised gains or losses other than the results for the period as set out above

The accompanying accounting policies and notes form part of these financial statements

Balance sheet

	Note	30 Jun 07 £	30 Apr 06 £
Fixed assets			
Tangible assets	6	93,278	96,460
Investments	7	<u>1</u>	<u>1</u>
		<u>93,279</u>	<u>96,461</u>
Current assets			
Debtors	8	251,810	3,003,561
Creditors: amounts falling due within one year	9	<u>18,643</u>	<u>—</u>
Net current assets		<u>233,167</u>	<u>3,003,561</u>
Total assets less current liabilities		<u>326,446</u>	<u>3,100,022</u>
Creditors: amounts falling due after more than one year	10	3,309,285	3,271,771
Provisions for liabilities			
Deferred taxation	12	1,700	—
Capital and reserves			
Called-up equity share capital	15	1,000	1,000
Profit and loss account		<u>(2,985,539)</u>	<u>(172,749)</u>
Deficit	17	<u>(2,984,539)</u>	<u>(171,749)</u>
		<u>326,446</u>	<u>3,100,022</u>

These financial statements were approved by the directors and authorised for issue on 2 May 2008, and are signed on their behalf by


S J Cann

Notes to the financial statements

1 Turnover

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

	Period from 1 May 06 to 30 Jun 07 £	Year to 30 Apr 06 £
United Kingdom	<u>2,124,247</u>	<u>2,113,003</u>

2 Other operating charges

	Period from 1 May 06 to 30 Jun 07 £	Year to 30 Apr 06 £
Administrative expenses	<u>1,843,202</u>	<u>1,931,875</u>

3 Directors and employees

The average number of persons employed by the company during the financial period, including the directors, amounted to 20 (2006 - 23)

The aggregate payroll costs of the above were

	Period from 1 May 06 to 30 Jun 07 £	Year to 30 Apr 06 £
Wages and salaries	531,103	487,566
Social security costs	53,850	56,825
Other pension costs	2,009	6,551
	<u>586,962</u>	<u>550,942</u>

No directors received any remuneration from the company during the year

4 Interest payable and similar charges

	Period from 1 May 06 to 30 Jun 07 £	Year to 30 Apr 06 £
Interest payable on bank borrowing recharged from subsidiary	276,669	218,443
Other similar charges payable	37,514	32,155
	<u>314,183</u>	<u>250,598</u>

Included within other similar charges payable are preference dividends of £37,514 (2006 32,155)

5 Taxation on ordinary activities

(a) Analysis of charge in the period

	Period from 1 May 06 to 30 Jun 07 £	Year to 30 Apr 06 £
Current tax		
Corporation tax	-	-
Over/under provision in prior year	7,781	-
Group relief	(158)	(25,222)
Total current tax	<u>7,623</u>	<u>(25,222)</u>
Deferred tax		
Origination and reversal of timing differences	1,700	-
Tax on loss on ordinary activities	<u>9,323</u>	<u>(25,222)</u>

5 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	Period from 1 May 06 to 30 Jun 07 £	Year to 30 Apr 06 £
Loss on ordinary activities before taxation	<u>(2,803,467)</u>	<u>(69,470)</u>
Loss on ordinary activities by rate of tax	(841,040)	(20,841)
Expenses not deductible for tax purposes	11,254	1,270
Exceptional item	831,099	-
Difference between depreciation and capital allowances	(1,313)	(5,651)
Unrelieved tax losses	(158)	-
Adjustments to tax charge in respect of previous periods	7,781	-
Total current tax (note 5(a))	<u>7,623</u>	<u>(25,222)</u>

6 Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost				
At 1 May 2006	86,174	39,873	22,337	148,384
Additions	20,328	21,852	-	42,180
Disposals	(1,800)	(39,873)	-	(41,673)
At 30 June 2007	<u>104,702</u>	<u>21,852</u>	<u>22,337</u>	<u>148,891</u>
Depreciation				
At 1 May 2006	12,421	33,525	5,978	51,924
Charge for the period	25,699	8,247	9,316	43,262
On disposals	(113)	(39,460)	-	(39,573)
At 30 June 2007	<u>38,007</u>	<u>2,312</u>	<u>15,294</u>	<u>55,613</u>
Net book value				
At 30 June 2007	<u>66,695</u>	<u>19,540</u>	<u>7,043</u>	<u>93,278</u>
At 30 April 2006	<u>73,753</u>	<u>6,348</u>	<u>16,359</u>	<u>96,460</u>

Included within the net book value of £93,278 is £Nil (2006 - £Nil) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £Nil (2006 - £Nil).

7 Investments

Shares in subsidiary undertakings

£

Cost

At 1 May 2006 and 30 June 2007

1

Net book value

At 30 June 2007

1

At 30 April 2006

1

The company owns 100% of the issued share capital of J Langdon Limited, a company registered in Ireland

8 Debtors

30 Jun 07	30 Apr 06
£	£

Amounts owed by group undertakings

251,810 2,560,007

Other debtors

— 443,554

<u>251,810</u>	<u>3,003,561</u>
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9 Creditors amounts falling due within one year

30 Jun 07	30 Apr 06
£	£

Amounts due under finance leases and hire purchase agreements

18,643 —

10 Creditors amounts falling due after more than one year

30 Jun 07	30 Apr 06
£	£

Dividends payable

93,785 56,271

Shares classed as financial liabilities

3,215,500 3,215,500

<u>3,309,285</u>	<u>3,271,771</u>
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11 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements net of future finance lease charges are as follows

	30 Jun 07 £	30 Apr 06 £
Finance leases and hire purchase agreements are analysed as follows		
Current obligations	<u>18,643</u>	<u>-</u>

12 Deferred taxation

The movement in the deferred taxation provision during the period was

	Period from 1 May 06 to 30 Jun 07 £	Year to 30 Apr 06 £
Profit and loss account movement arising during the period	<u>1,700</u>	<u>-</u>
Provision carried forward	<u>1,700</u>	<u>-</u>

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

	30 Jun 07 £	30 Apr 06 £
Excess of taxation allowances over depreciation on fixed assets	<u>1,700</u>	<u>-</u>

13 Leasing commitments

At 30 June 2007 the company had annual commitments under non-cancellable operating leases as set out below

	30 Jun 07		30 Apr 06	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire Within 2 to 5 years	<u>97,500</u>	<u>-</u>	<u>97,500</u>	<u>12,235</u>

14 Related party transactions

As the company is a wholly owned subsidiary of Bollin Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of that group

15 Share capital

Authorised share capital

	30 Jun 07 £	30 Apr 06 £
1,000 Ordinary shares of £1 each	1,000	1,000
177 Ordinary 'A' shares of £1 each	177	177
3,215,500 Cumulative redeemable preference shares of £1 each	3,215,500	3,215,500
	<u>3,216,677</u>	<u>3,216,677</u>

Allotted, called up and fully paid

	30 Jun 07		30 Apr 06	
	No	£	No	£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
Cumulative redeemable preference shares of £1 each	3,215,500	3,215,500	3,215,500	3,215,500
	<u>3,216,500</u>	<u>3,216,500</u>	<u>3,216,500</u>	<u>3,216,500</u>

15 Share capital (continued)

The £1 ordinary shares are equity shares. The £1 cumulative redeemable preference shares are non-equity shares, and under the provisions of FRS 25 are presented as financial liabilities in these financial statements.

Cumulative redeemable preference shares

In accordance with the articles of association of the company the terms under which the preference shares are to be redeemed are as follows:

Redemption date before	Redemption price (as a % of par value)
29 July 2007	15%
28 July 2008	25%
28 July 2009	35%
28 July 2010	50%
28 July 2014	75%

The redemption price is the sum equivalent to the above percentages of the amount subscribed. The redemption dates represent anniversary dates of the adoption of the articles of association. If the preference shares have not been redeemed before the 10th anniversary of the adoption of the articles (i.e. 28 July 2014) then the shares will be redeemed at that date.

Fixed cumulative preference dividends are equal to 1% of the preference share capital issued and are accrued on an annual basis and payable on redemption of the shares.

In accordance with FRS 25 Financial Instruments: Disclosure and Presentation, the preference shares have been reclassified as financial liabilities greater than 1 year (see note 9).

16 Profit and loss account

	Period from 1 May 06 to 30 Jun 07 £	Year to 30 Apr 06 £
Balance brought forward	(172,749)	(128,501)
Loss for the financial period	(2,812,790)	(44,248)
Balance carried forward	<u>(2,985,539)</u>	<u>(172,749)</u>

17 Reconciliation of movements in shareholders' funds

	30 Jun 07 £	30 Apr 06 £
Loss for the financial period	(2,812,790)	(44,248)
Opening shareholders' deficit	(171,749)	(127,501)
Closing shareholders' deficit	<u>(2,984,539)</u>	<u>(171,749)</u>

18 Post balance sheet events

In order to align Bollin Group's long-term commercial and business strategy, a re-financing was undertaken on 25 September 2007 by J Langdon Limited, a subsidiary of Sprayway Limited, in respect of the bank borrowings held by J Langdon Limited. The restructuring involved the re-financing of approximately £1,750,000 of bank debt with the residual debt outstanding thereafter to be converted to equity upon settlement of the final instalment as undemoted.

Of the re-financed bank debt, £1,250,000 was repaid on 25 September 2007, £250,000 will be repaid on 31 December 2007 and the remainder on 31 March 2008.

As part of the restructuring, as at 25 September 2007 the trade and non bank assets and liabilities of J Langdon Limited were hived up to Sprayway Limited. J Langdon Limited ceased to trade from this date onwards. Recognising the changed nature of J Langdon Limited, a provision has been made in these financial statements against amounts due from that company.

19 Ultimate parent company

The directors consider that the ultimate parent undertaking of this company is its parent company, Bollin Group Limited. Copies of the parent company's financial statements are available from the company secretary, Bollin Group Limited, Bailey Court, Green Street, Macclesfield, SK10 1JQ.

The directors regard B J Berryman, H Turner and C Fahy as the ultimate controlling parties by virtue of their status as controlling trustees of a trust which holds a 100% interest in the equity capital of Bollin Group Limited.