Grant Thornton

Financial statements
Sprayway Limited

For the Year Ended 30 June 2009

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 M Deegan
Secretary	SJ Cann
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Regent House 80 Regent Road LEICESTER LE1 7NH

Index

Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2009

Principal activities and business review

The principal activity of the company during the period following the trade transfer as detailed below was the distribution of outdoor leisure wear For the period pre the trade transfer the principal activity was the provision of warehouse and distribution services to J Langdon Limited (a subsidiary company) in respect of outdoor leisure wear

On 25 September 2007 an agreement was entered into with the bankers of J Langdon Limited, as a result of which debt of £4,100,000 was converted to equity in that company 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 ceased to trade from this date onwards

Turnover for the year was £7,663,078 (2008 £4,800,264) and operating profit was £218,195 (2008 loss of £42,759)

Results and dividends

The profit for the year, after taxation, amounted to £87,532 Particulars of dividends proposed are detailed in note 8 to the financial statements

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations The main risks arising from the company financial instruments are interest rate risk, liquidity risk and foreign currency risk The directors review and agree policies for managing each of these risks and they are summarised below The policies have remained unchanged from previous periods

Interest rate risk

The company finances its operations through a mixture of inter-company accounts and bank borrowings The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably Primarily this is achieved through inter-company accounts and term bank loans Short term flexibility is achieved by overdraft facilities

Currency risk

The company is exposed to transaction foreign exchange risk Transaction exposures are hedged when known, mainly using the forward hedge market

Directors

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

S J Cann
B J Berryman
M Deegan

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 2006 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

BY ORDER OF THE BOARD

SJ Cann
Secretary
30 September 2009

Grant Thornton

Report of the independent auditor to the members of Sprayway Limited

We have audited the financial statements of Sprayway Limited for the year ended 30 June 2009 which comprise the principal accounting policies, profit and loss account, the balance sheet, and notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 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 auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have ~~not~~ received all the information and explanations we require for our audit

Christopher Frostwick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
EAST MIDLANDS
30 September 2009

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 Bollin Group Limited, its parent company

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts

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

Stocks

Goods for resale are stated at the lower of cost and net realisable value Cost is determined on a weighted average basis and includes transport and handling costs Where necessary, provision is made for obsolete, slow moving and defective stocks

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

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	2009 £	2008 £
Turnover	1	**7,663,078**	4,800,264
Cost of sales		**5,401,050**	3,030,652
Gross profit		**2,262,028**	1,769,612
Other operating charges	2	**2,043,833**	1,812,371
Operating profit/(loss)	3	**218,195**	(42,759)
Cost of restructuring the company	5	**-**	748,472
Interest payable and similar charges	6	**93,705**	66,471
Profit on ordinary activities before taxation		**124,490**	639,242
Tax on profit on ordinary activities	7	**36,958**	(55,933)
Profit for the financial year	19	**87,532**	695,175

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 year as set out above

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	9	**75,670**	74,103
Investments	10	**1**	1
		75,671	74,104
Current assets			
Stocks	11	**2,614,170**	2,296,957
Debtors	12	**1,236,997**	1,280,962
		3,851,167	3,577,919
Creditors amounts falling due within one year	14	**2,973,170**	2,717,886
Net current assets		**877,997**	860,033
Total assets less current liabilities		**953,668**	934,137
Creditors amounts falling due after more than one year	15	**3,215,500**	3,223,501
Capital and reserves			
Called-up equity share capital	18	**1,000**	1,000
Profit and loss account	19	**(2,262,832)**	(2,290,364)
Deficit	20	**(2,261,832)**	(2,289,364)
		953,668	934,137

These financial statements were approved by the directors and authorised for issue on 30 September 2009, and are signed on their behalf by

S J Cann

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

Company No 05158886

Notes to the financial statements

1 Turnover

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

	2009	2008
	£	£
United Kingdom	6,812,258	3,972,632
Overseas	850,820	827,632
	7,663,078	4,800,264

2 Other operating charges

	2009	2008
	£	£
Administrative expenses	2,043,833	1,812,371

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting)

	2009	2008
	£	£
Depreciation of owned fixed assets	34,156	28,187
Depreciation of assets held under hire purchase agreements	6,367	6,367
Profit on disposal of fixed assets	–	(200)
Auditor's remuneration		
Audit fees	8,700	8,700

4 Directors and employees

The average number of persons employed by the company during the financial year, including the directors, amounted to 23 (2008 - 20)

The aggregate payroll costs of the above were

	2009	2008
	£	£
Wages and salaries	700,798	522,754
Social security costs	62,670	59,157
Other pension costs	7,943	7,268
	771,411	589,179

No directors received any remuneration from the company during the year

5 Cost of reorganisation or restructuring

	2009	2008
	£	£
Cost of restructuring company	-	(748,472)

Costs of restructuring company in the prior year relate to the release of a provision against the inter company balance due by J Langdon Limited

6 Interest payable and similar charges

	2009	2008
	£	£
Interest payable on bank borrowing	89,067	156,872
Finance charges payable under hire purchase agreements	4,638	3,384
Other similar charges payable	-	(93,785)
	93,705	66,471

Included within other similar charges payable in the prior year is a credit of £93,785 relating to the write off of accrued preference dividends which have now been waived by the holders (see note 17)

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2008 - 29 50%)	14,482	216
Group relief	30,476	(53,249)
Total current tax	44,958	(53,033)
Deferred tax		
Origination and reversal of timing differences	(8,000)	(2,900)
Tax on profit on ordinary activities	36,958	(55,933)

7 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 29 50%)

	2009 £	2008 £
Profit on ordinary activities before taxation	124,490	639,242
Profit on ordinary activities by rate of tax	34,857	188,630
Expenses not deductible for tax purposes	7,494	(23,962)
Difference between depreciation and capital allowances	2,607	2,882
Adjustments to tax charge in respect of previous periods	-	216
Cost of restructuring company	-	(220,799)
Total current tax (note 7(a))	44,958	(53,033)

8 Dividends

Dividends on shares classed as equity

	2009 £	2008 £
Proposed at the year-end (recognised as a liability)		
Dividends on equity shares	60,000	-

9 Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost				
At 1 July 2008	105,252	19,102	39,080	163,434
Additions	2,090	-	40,000	42,090
At 30 June 2009	107,342	19,102	79,080	205,524
Depreciation				
At 1 July 2008	60,042	7,843	21,446	89,331
Charge for the year	21,384	6,367	12,772	40,523
At 30 June 2009	81,426	14,210	34,218	129,854
Net book value				
At 30 June 2009	25,916	4,892	44,862	75,670
At 30 June 2008	45,210	11,259	17,634	74,103

Included within the net book value of £75,670 is £4,777 (2008 - £11,259) relating to assets held under hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £6,367 (2008 - £6,367)

10 Investments

Shares in subsidiary undertakings

	£
Cost	
At 1 July 2008 and 30 June 2009	1
Net book value	
At 30 June 2009	1
At 30 June 2008	1

The company owns 94% of the issued share capital of J Langdon Limited, a company registered in Ireland

11 Stocks

	2009 £	2008 £
Raw materials	**831,381**	1,013,091
Finished goods	**1,782,789**	1,283,866
	2,614,170	2,296,957

12 Debtors

	2009 £	2008 £
Trade debtors	**1,065,323**	1,200,654
Amounts owed by group undertakings	**64,539**	34,383
Other debtors	**28,593**	–
Prepayments and accrued income	**69,342**	44,725
Deferred taxation (note 13)	**9,200**	1,200
	1,236,997	1,280,962

13 Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2009 £	2008 £
Included in debtors (note 12)	**9,200**	1,200

The movement in the deferred taxation account during the year was

	2009 £	2008 £
Balance brought forward	**1,200**	(1,700)
Profit and loss account movement arising during the year	**8,000**	2,900
Balance carried forward	**9,200**	1,200

13 Deferred taxation (continued)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2009	2008
	£	£
Excess of depreciation over taxation allowances	3,700	1,200
Other timing differences	5,500	-
	9,200	1,200

14 Creditors: amounts falling due within one year

	2009	2008
	£	£
Overdrafts	1,264,021	1,194,094
Trade creditors	105,969	391,600
Amounts owed to group undertakings	1,486,762	777,069
Corporation tax	14,691	–
Other taxation and social security	28,598	38,189
Amounts due under hire purchase agreements	7,993	4,898
Other creditors	2,759	4,464
Accruals and deferred income	62,377	307,572
	2,973,170	2,717,886

15 Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Amounts due under hire purchase agreements	–	8,001
Shares classed as financial liabilities	3,215,500	3,215,500
	3,215,500	3,223,501
Shares classed as financial liabilities		
Share capital	3,215,500	3,215,500

16 Commitments under hire purchase agreements

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

	2009	2008
	£	£
Amounts payable within 1 year	7,993	4,898
Amounts payable between 1 and 2 years	-	8,001
	7,993	12,899

17 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

18 Share capital

Authorised share capital

	2009	2008
	£	£
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
	3,216,677	3,216,677

Allotted, called up and fully paid

	2009		2008	
	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
	3,216,500	**3,216,500**	3,216,500	3,216,500

18 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 equivalant 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 The preference dividends were formally waived by the holder of the preference shares during the prior year

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 14)

19 Profit and loss account

	2009 £	2008 £
Balance brought forward	(2,290,364)	(2,985,539)
Profit for the financial year	87,532	695,175
Equity dividends	(60,000)	–
Balance carried forward	(2,262,832)	(2,290,364)

20 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	87,532	695,175
Equity dividends	(60,000)	–
Net addition to shareholders' deficit	27,532	695,175
Opening shareholders' deficit	(2,289,364)	(2,984,539)
Closing shareholders' deficit	(2,261,832)	(2,289,364)

21 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