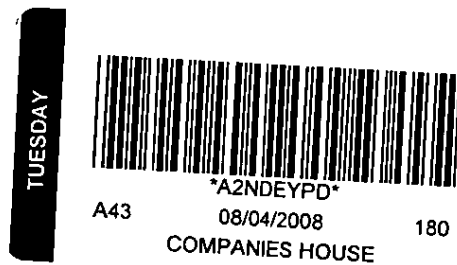


Volvox Group Limited

Directors' report and financial statements

For the year ended 30 September 2007

Registered number 5394180



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Company information

Directors

J M Hall
A F Welham
K Pacey
C Wilkinson

Company Secretary

A F Welham

Registered Office

Gelderd Road
Leeds
LS12 6NA

Auditors

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Report of the directors

The directors present their report and the audited accounts for the year ended 30 September 2007

Principal activity

The principal activity of the Group during the year was in distribution, comprising the supply of products to the automotive, rail, plumbing and gas markets

Business review

On 6 October 2007 the Group disposed of its' investment in Grove Products (Caravan Accessories) Limited, ("Grove") As a condition of the sale the Group also disposed of its' freehold property that was then occupied by Grove and BMAC Limited, with BMAC Limited subsequently relocating to a new site in Audenshaw The total consideration for the combined transaction amounted to £4,581,000 net of costs and resulted in a £2,278,000 profit The sale allowed the Group to significantly reduce its' gearing Full details of the transaction are shown in note 23 of the financial statements In the financial statements the results of Grove have been treated as discontinued operations

Turnover of continuing operations rose by 13.8% in the year to £33,873,000 and operating profit by 43.3% to £2,840,000 The Group's continuing strategy of new product introductions, range enhancements, customer focus and finding new distribution channels resulted in turnover growth at all its' subsidiary undertakings with the exception of BMAC Limited The turnover of BMAC Limited fell by 3% partially as a consequence of reduced production of new buses whilst manufacturers addressed the task of upgrading engines to meet new emission standards

Gross profit rose from 35.2% to 36.8% in the year In common with many industries the Group experienced, and continues to experience, pressure on the cost price of its product purchases, reflecting the worldwide increase in commodity prices By focusing on higher added-value products, product re-engineering, continually searching for new sources of supply and to a certain extent benefiting from the appreciation of sterling against the U S Dollar, these cost increases have been offset

The Group purchases a significant portion of its stock in currencies other than sterling The foreign currency exposure is actively managed by means of covering, via currency contracts, the majority of known liabilities and approximately half of the estimated exposure likely to arise up to nine months ahead

Whilst the current economic climate in the United Kingdom will present a number of challenges in the coming year, the directors believe that the Group is in a strong position to continue to grow

Post balance sheet event

In February 2008 the Company redeemed the 1,417,500 'A' 11.25% redeemable cumulative preference shares of £1 each at par and paid the associated accrued dividends This redemption was funded through additional bank facilities

Dividends

During the year the Company paid interim dividends on the 'A', 'B' and 'C' ordinary shares of £1.218, £0.679 and £0.679 per share respectively (2006: nil) The dividends due on the 'A' and 'B' preference shares have been accrued in accordance with their terms and paid out on the relevant due dates

Directors

The directors who served during the year were

J M Hall
A F Welham
K Pacey
C Wilkinson

Report of the directors (*continued*)

Employees

The Group recognises the need for good communication and is committed to involving all employees in its development. Employees are kept informed of, consulted and encouraged to express their views on matters which are likely to affect their interest in and contribution to their company, its profitability and performance.

It is the Group's policy to give full consideration to suitable applications for employment by disabled persons. Where an employee becomes disabled whilst employed, arrangements are made wherever practicable to continue their employment or provide training for any other suitable position. Disabled persons are eligible to participate in all career development opportunities available to staff. All employees are given opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers.

Charitable donations and political donations

Charitable donations made during the year amounted to £4,000 (2006: £2,000). There were no political donations.

Supplier payment policy

The Company does not follow an external code or standard on payment practice but it is the Group's policy to pay its suppliers in accordance with the agreed terms, provided that the supplier also complies with all relevant terms and conditions.

At 30 September 2007 the Company had no trade creditors.

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' 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 the law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group and Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the profit or loss 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 Parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Related party disclosures

With the exception of directors' interests in the issued share capital of the Company, there were no material related party transactions.

Disclosure of information to auditors

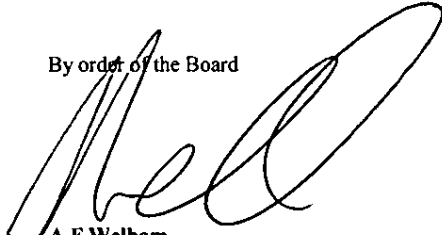
The directors who held office at the date of the approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Report of the directors *(continued)*

Auditors

KPMG LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

By order of the Board



A F Welham
Secretary

2 April 2008



1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent Auditors' report to the members of Volvox Group Limited

We have audited the Group and Parent Company financial statements (the "financial statements") of Volvox Group Limited for the year ended 30 September 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. 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 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 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 UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom 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 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 UK Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 30 September 2007 and of the Group's profit 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.

KPMG LLP
Chartered Accountants
Registered Auditor

2 April 2008

Consolidated profit and loss account
for the year ended 30 September 2007

			Year ended 30 September 2007		Year ended 30 September 2006
	Note	£'000	£'000	£'000	£'000
Turnover					
Continuing operations		33,873		29,768	
Discontinued operations		108		6,790	
	2		33,981		36,558
Cost of sales			(21,472)		(23,694)
Gross profit			12,509		12,864
Operating costs	2		(9,662)		(10,268)
Operating profit					
Continuing operations		2,840		1,981	
Discontinued operations		7		615	
	4		2,847		2,596
Profit on sale of discontinued operations	23		2,278		-
Profit on ordinary activities before interest			5,125		2,596
Interest payable and similar charges	7		(773)		(1,109)
Profit on ordinary activities before taxation			4,352		1,487
Tax on profit on ordinary activities	8		(819)		(628)
Profit for the financial year			3,533		859

The notes to the financial statements on pages 10 to 23 form an integral part of these accounts

Balance sheets
at 30 September 2007

		30 September 2007 £'000	Group 30 September 2006 £'000	30 September 2007 £'000	Company 30 September 2006 £'000
	Note				
Fixed assets					
Intangible assets	10	2,518	3,169	-	-
Tangible assets	11	805	1,611	-	299
Investments	12	-	-	3,555	3,555
		<u>3,323</u>	<u>4,780</u>	<u>3,555</u>	<u>3,854</u>
Current assets					
Stocks	13	6,839	6,581	-	-
Debtors	14	7,023	6,617	937	249
Cash at bank and in hand		18	17	373	606
		<u>13,880</u>	<u>13,215</u>	<u>1,310</u>	<u>855</u>
Creditors amounts falling due within one year	15	(9,834)	(8,664)	(310)	(790)
Net current assets		<u>4,046</u>	<u>4,551</u>	<u>1,000</u>	<u>65</u>
Total assets less current liabilities		<u>7,369</u>	<u>9,331</u>	<u>4,555</u>	<u>3,919</u>
Creditors: amounts falling due after more than one year	16	(1,424)	(4,992)	(192)	(221)
Non-equity redeemable preference shares	16	(1,418)	(2,835)	(1,418)	(2,835)
Net assets		<u>4,527</u>	<u>1,504</u>	<u>2,945</u>	<u>863</u>
Capital and reserves					
Called-up share capital					
- equity shares	18	460	460	460	460
- non-equity shares	18	180	260	180	260
		<u>640</u>	<u>720</u>	<u>640</u>	<u>720</u>
Profit and loss account	19	2,389	784	807	143
Capital redemption reserve	19	1,498	-	1,498	-
Total shareholders' funds		<u>4,527</u>	<u>1,504</u>	<u>2,945</u>	<u>863</u>

The notes to the financial statements on pages 10 to 23 form an integral part of these accounts

The accounts were approved by the Board of Directors on 2 April 2008 and signed on its behalf by


J M Hall
Director


A F Welham
Director

Other primary statements

Statement of total recognised gains and losses

	2007 £'000	2006 £'000
Profit for the financial year	3,533	859
Prior year adjustment	-	(2,835)
	<u>3,533</u>	<u>(1,976)</u>

Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Preference shares redeemed	(80)	-
Profit for the financial year	3,533	859
Preference dividends payable	(10)	(13)
Ordinary dividends paid on equity shares	(420)	-
Net increase in shareholders' funds	<u>3,023</u>	<u>846</u>
Opening shareholders' funds	<u>1,504</u>	<u>658</u>
Closing shareholders' funds	<u>4,527</u>	<u>1,504</u>
Attributable to		
Equity share interests	4,347	1,244
Non-equity share interests	180	260
	<u>4,527</u>	<u>1,504</u>

Consolidated cash flow statement
for the year ended 30 September 2007

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
Cash flow from operating activities (note 20)	2,288	2,627
Returns on investments and servicing of finance (note 21)	(961)	(755)
Taxation	(622)	(511)
Capital expenditure and financial investment (note 21)	(172)	(378)
Acquisitions and disposals (note 21)	4,034	-
Equity dividends paid	(420)	-
Cash inflow before financing	4,147	983
Financing (note 21)	(5,104)	(819)
(Decrease) / increase in cash in the year	(957)	164

Reconciliation of net cash flow to movement in net debt	2007 £'000	2006 £'000
(Decrease) / increase in cash in the year	(957)	164
Cash outflow from decrease in debt financing	5,024	819
Change in net debt resulting from cash flows	4,067	983
New finance leases	-	(239)
Amortisation of finance costs in year	(175)	(79)
Movement in net debt in the year	3,892	665
Net debt at start of year (note 22)	(9,007)	(9,672)
Net debt at end of year (note 22)	(5,115)	(9,007)

The notes to the financial statements on pages 10 to 23 form an integral part of these accounts

Notes to the financial statements

1 Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the financial statements, except for the adoption of new financial reporting standards introduced during the year. The effect of these are disclosed where relevant.

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and each of its subsidiary undertakings for the year ended 30 September. The results of subsidiary undertakings acquired or disposed of during the year, and requiring to be acquisition accounted, are included in the consolidated profit and loss account from or up to the effective date of acquisition or disposal.

Preference shares

In accordance with FRS25 preference shares that are redeemable at contractually established dates are treated as debt. Preference shares that have no specific redemption date are treated as part of shareholders' funds.

Dividends Payable

In accordance with FRS21 - *Events after the balance sheet date* dividends payable on ordinary share capital are recognised in the financial statements as follows:

- interim dividends - when declared by the directors of the Company
- final dividends - when approved by shareholder resolution

Leased assets

Assets held under leasing arrangements that give rights approximating to ownership are capitalised as finance leases. The amount capitalised is the present value of the minimum payments payable during the term of each lease. The corresponding leasing commitments are included in creditors. The interest element of the rental obligations is charged to the profit and loss account using the annuity method.

Rentals in respect of all other leases are charged to the profit and loss account on a straight line basis over the lease term.

Depreciation

Depreciation on other assets is calculated to write off the cost on a straight line basis over their estimated useful lives, at the following rates:

Freehold buildings	- 40 years
Plant and equipment	- 3 - 15 years
Motor vehicles	- 4 - 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Stocks

Stocks are valued at the lower of cost, on a first in first out basis, and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods, cost comprises direct materials, direct labour and an appropriate proportion of production overheads.

Deferred taxation

In accordance with FRS 19 "Deferred Tax", deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in years different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the Group, net of VAT and intra-group transactions.

Notes to the financial statements

1 Accounting policies (continued)

Goodwill

In accordance with FRS 10 "Goodwill and Intangible Assets", goodwill, being the excess of the fair value of the purchase consideration over the fair value of the net assets at the time of the purchase of the business, is capitalised and amortised over a maximum estimated useful life of 20 years on a straight line basis. The directors consider annually whether a provision against the value of goodwill on an individual investment basis is required.

Capital instrument finance costs

The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Post-retirement benefits

The Company and the Group operate defined contribution pension schemes. The assets of the schemes are held separately from those of the Company and Group in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Foreign currency translation

Transactions denominated in a foreign currency are translated into sterling at either the rate of exchange ruling on the date of the transaction or at the exchange rate of a forward foreign currency contract taken out to cover that transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date, unless they are covered by a related forward foreign currency contract, in which case the exchange rate applicable to the contract is used. Gains or losses on translation are included in the profit and loss account.

2 Analysis of continuing and discontinued operations

	Year ended 30 September 2007			Year ended 30 September 2006		
	Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Turnover	33,873	108	33,981	29,768	6,790	36,558
Cost of sales	21,393	79	21,472	18,921	4,773	23,694
Gross profit	12,480	29	12,509	10,847	2,017	12,864
Operating costs						
Distribution costs	3,695	8	3,703	3,412	517	3,929
Selling & marketing costs	2,899	5	2,904	2,765	385	3,150
Administrative costs	2,902	9	2,911	2,518	500	3,018
Amortisation of goodwill	144	-	144	171	-	171
	9,640	22	9,662	8,866	1,402	10,268
Operating profit	2,840	7	2,847	1,981	615	2,596

3 Segmental analysis

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
<i>Turnover by destination</i>		
United Kingdom	29,785	33,064
Europe	3,400	2,847
Far and Middle East	142	140
America	196	164
Rest of World	458	343
	<u>33,981</u>	<u>36,558</u>

All the turnover originated in the United Kingdom.

In the opinion of the directors there was only one segment of trade at 30 September 2007 and all the net assets were utilised in that trade.

Notes to the financial statements

4 Operating profit

Operating profit is stated after charging / (crediting)

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
Auditors' remuneration	34	34
Other fees payable to KPMG LLP & its associates	7	12
- tax	4	75
- corporate finance	230	247
Hire of plant, equipment and vehicles under operating leases	586	484
Leasehold property rents		
Depreciation of tangible fixed assets		
Owned assets	193	208
Assets held under finance leases	43	15
Profit on disposal of tangible fixed assets (excluding land and buildings)	(5)	(2)
Amortisation of goodwill	144	171

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category was as follows

	Year ended 30 September 2007 Number	Year ended 30 September 2006 Number
Distribution & production	120	131
Selling & marketing	50	61
Administration	23	28
	<u>193</u>	<u>220</u>

The aggregate payroll costs of these persons (including directors emoluments) was

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
Wages & salaries	4,445	4,567
Social security costs	465	454
Other pension costs	159	118
	<u>5,069</u>	<u>5,139</u>

Notes to the financial statements

6 Emoluments of directors

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
Emoluments	448	368
Contributions to money purchase schemes	38	30
	<u>486</u>	<u>398</u>

Two directors are accruing retirement benefits under money purchase schemes that are charged in these financial statements

Highest paid director

Details of the highest paid director whose costs were charged in these financial statements are

	2007 £'000	2006 £'000
Emoluments	230	184
Pension contributions	21	17
	<u>251</u>	<u>201</u>

7 Interest payable and similar charges

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
Bank loans and overdrafts	327	409
Loan stock interest	67	300
Finance costs	175	79
Finance leases	10	4
Dividends payable on 'A' preference shares	194	317
	<u>773</u>	<u>1,109</u>

Notes to the financial statements

8 Taxation

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
<i>Current taxation</i>		
Corporation tax on profit for the year at 30% (2006 30%)	854	609
Adjustments in respect of prior years	(31)	-
	<u>823</u>	<u>609</u>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(4)	19
	<u>819</u>	<u>628</u>

The actual current tax charge for the year differs to the standard rate of tax for the reasons set out in the following reconciliation

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
Profit on ordinary activities before tax	<u>4,352</u>	<u>1,487</u>
Tax on profit on ordinary activities at standard rate	1,306	446
<i>Factors affecting charge for the year</i>		
Sale of discontinued activities	(572)	-
Capital allowances exceeding depreciation	(1)	(13)
Depreciation exceeding capital allowances	5	-
Increase in accruals treated as general for corporation tax purposes	3	4
Dividends payable on 'A' preference shares	58	95
Expenses not deductible for tax purposes		
- Goodwill amortisation	15	23
- Other	40	54
Current taxation charge for the year	<u>854</u>	<u>609</u>

9 Dividends

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
Interim dividend of £1 218 per £1 'A' Ordinary Share	243	-
Interim dividend of £0 679 per £1 'B' Ordinary Share	139	-
Interim dividend of £0 679 per £1 'C' Ordinary Share	38	-
Dividends on 'B' preference shares	10	13
	<u>430</u>	<u>13</u>

Notes to the financial statements

10 Intangible assets

	Goodwill £'000
Group	
<i>Cost</i>	
At 1 October 2006	3,426
Disposal of subsidiary undertaking	(548)
At 30 September 2007	2,878
<i>Amortisation</i>	
At 1 October 2006	257
Charge for the year	144
Disposal of subsidiary undertaking	(41)
At 30 September 2007	360
<i>Net book amount</i>	
At 30 September 2007	2,518
At 30 September 2006	3,169

11 Tangible fixed assets

	Freehold property £'000	Plant equipment & vehicles £'000	Total £'000
Group			
<i>Cost or valuation</i>			
At 1 October 2006	770	1,148	1,918
Additions	-	185	185
Disposals	(770)	(9)	(779)
Disposal of subsidiary undertaking	-	(42)	(42)
At 30 September 2007	-	1,282	1,282
<i>Depreciation</i>			
At 1 October 2006	41	266	307
Charge for the year	-	236	236
Disposals	(41)	(1)	(42)
Disposal of subsidiary undertaking	-	(24)	(24)
At 30 September 2007	-	477	477
<i>Net book amounts</i>			
At 30 September 2007	-	805	805
At 30 September 2006	729	882	1,611

The net book amounts of the Group's plant, equipment and vehicles includes £204,000 (2006 £247,000) in respect of assets held under finance leases

Notes to the financial statements

11 Tangible fixed assets (continued)

	Freehold property £'000
Company	
<i>Cost or valuation</i>	
At 1 October 2006	316
Disposals	(316)
At 30 September 2007	-
<i>Depreciation</i>	
At 1 October 2006	17
Disposals	(17)
At 30 September 2007	-
<i>Net book amounts</i>	
At 30 September 2007	-
At 30 September 2006	299

12 Fixed asset investments

	Company £'000
<i>Investment in subsidiary undertakings</i>	
<i>Cost</i>	
At 1 October 2006 and 30 September 2007	3,555

Investment in subsidiary undertakings

At 30 September 2007 the parent undertaking or its subsidiary undertaking owned 100% of the issued ordinary and preference share capitals of the following undertakings

<i>Subsidiary undertaking</i>	<i>Principal activity</i>
<i>Owned directly</i>	
Volvox Leeds Limited	Holding Company
<i>Owned via Volvox Leeds Limited</i>	
Arctic Products Ltd	Pipe freezing equipment and gas and plumbing consumables distributor
BMAC Limited	Transportation lighting equipment assembler and distributor
Lighten Point Corporation Europe Ltd	Automotive parts distributor
Ring Automotive Limited	Automotive parts and lighting distributor
Van-Line Limited	Wholesaler of automotive and industrial consumables

Notes to the financial statements

13 Stocks

	30 September 2007 £'000	Group 30 September 2006 £'000
Raw materials and consumables	232	306
Finished goods and goods for resale	6,607	6,275
	6,839	6,581

14 Debtors

	30 September 2007 £'000	Group 30 September 2006 £'000	30 September 2007 £'000	Company 30 September 2006 £'000
Trade debtors	6,428	6,412	-	-
Amounts owed by subsidiary undertakings	-	-	579	19
Other debtors	225	7	-	-
Prepayments	213	188	13	4
Deferred taxation (note 17)	7	10	4	5
	6,873	6,617	596	28
<i>Amounts falling due after more than one year</i>				
Deferred consideration	150	-	-	-
Amounts owed by subsidiary undertakings	-	-	341	221
	7,023	6,617	937	249

15 Creditors: amounts falling due within one year

	30 September 2007 £'000	Group 30 September 2006 £'000	30 September 2007 £'000	Company 30 September 2006 £'000
Bank overdrafts and loans	2,426	1,558	-	-
Trade creditors	5,302	5,199	-	-
Amounts owed to subsidiary undertakings	-	-	-	509
Corporation tax payable	446	311	-	11
Other taxation and social security costs	521	600	27	26
Other creditors and accruals	1,059	850	260	155
Obligations under finance leases	57	57	-	-
Non-equity dividends	23	89	23	89
	9,834	8,664	310	790

The bank overdrafts and loans are secured by fixed and floating charges over the Group's assets

16 Creditors: amounts falling due after more than one year

	30 September 2007 £'000	Group 30 September 2006 £'000	30 September 2007 £'000	Company 30 September 2006 £'000
Bank loans	1,126	2,535	-	-
Unsecured loan stock 2013	-	1,899	-	-
Obligations under finance leases	106	163	-	-
Unsecured loan stock 2013 interest	-	174	-	-
Non-equity dividends	192	221	192	221
	1,424	4,992	192	221
Non-Equity Shares				
'A' preference shares (11 25% redeemable cumulative preference shares of £1 each)	1,418	2,835	1,418	2,835
	2,842	7,827	1,610	3,056

Notes to the financial statements

16 Creditors, amounts falling due after more than one year (continued)

The total borrowings of the Group at 30 September 2007 were repayable as follows

	Bank overdrafts and loans £'000	'A' Preference Shares £'000	Obligations under finance leases £'000	Total 2007 £'000	Total 2006 £'000
Within one year	2,468	-	57	2,525	1,667
Between one and two years	600	-	57	657	1,157
Between two and five years	600	945	49	1,594	3,268
After five years	-	473	-	473	3,223
	3,668	1,418	163	5,249	9,315
Unamortised finance costs	(116)	-	-	(116)	(291)
	3,552	1,418	163	5,133	9,024

In February 2008 the Company redeemed the 1,417,500 'A' 11 25% redeemable cumulative preference shares of £1 each at par and paid the associated accrued dividends. This redemption was funded through additional bank facilities.

17 Deferred taxation

Movements in deferred taxation assets / (liabilities), calculated at the rate of 30% during the year, are as follows

	30 September 2007 £'000	Group 30 September 2006 £'000	30 September 2007 £'000	Company 30 September 2006 £'000
At beginning of year	10	29	5	5
Disposal of subsidiary undertaking	(7)	-	-	-
Credited / (charged) during the year	4	(19)	(1)	-
At 30 September 2007	7	10	4	5

Deferred taxation assets / (liabilities) recognised in the accounts and the amounts not recognised, calculated at the rate of 30% are as follows

Group

	30 September 2007 £'000	Recognised 30 September 2006 £'000	30 September 2007 £'000	Not recognised 30 September 2006 £'000
Capital allowances	(11)	(8)	-	-
Other timing differences	18	18	-	-
Capital gains	-	-	-	130
	7	10	-	130

Company

Other than the deferred taxation asset disclosed below, the Company had no other deferred taxation assets / (liabilities) either recognised or not recognised

	30 September 2007 £'000	Recognised 30 September 2006 £'000
Other timing differences	4	5

Notes to the financial statements

18 Called-up share capital

Authorised

	Number of Shares	30 September 2007 £'000	Number of Shares	30 September 2006 £'000
Equity shares				
'A' ordinary shares of £1 each	200,000	200	200,000	200
'B' ordinary shares of £1 each	204,286	204	204,286	204
'C' ordinary shares of £1 each	55,714	56	55,714	56
		<u>460</u>		<u>460</u>
Non-equity shares				
'B' preference shares (4.9% cumulative preference shares of £1 each)	260,000	260	260,000	260
		<u>260</u>		<u>260</u>
Total		<u>720</u>		<u>720</u>

Called up, allotted and fully paid

	Number of Shares	30 September 2007 £'000	Number of Shares	30 September 2006 £'000
Equity shares				
'A' ordinary shares of £1 each	200,000	200	200,000	200
'B' ordinary shares of £1 each	204,286	204	204,286	204
'C' ordinary shares of £1 each	55,714	56	55,714	56
		<u>460</u>		<u>460</u>
Non-equity shares				
'B' preference shares (4.9% cumulative preference shares of £1 each)	180,000	180	260,000	260
		<u>180</u>		<u>260</u>
Total		<u>640</u>		<u>720</u>

On 21 December 2006 the Company redeemed 80,000 'B' preference shares at par

Notes to the financial statements

18 Called-up share capital (continued)

The respective rights, including the 'A' preference shares which are presented under FRS 25 as debt, are as follows

Dividends

The 'A' preference shares have a priority to the dividends over all other classes of shares. 4.9% of the 'A' preference share dividend is payable on a share sale, share listing or liquidation (Exit) or redemption and the remaining 6.3% annually.

After the 'A' preference shares the 'B' preference shares have a priority to the dividends. The 4.9% dividend on the 'B' preference share is payable on an Exit or redemption.

In the event that the Company fails to pay the 'A' preference dividend on the due date interest shall accrue on the amount of the dividend remaining unpaid from that date until payment is made at a rate of 18% per annum.

All classes of the ordinary share rank equally in respect of dividends.

Return of capital

The 'A' preference shares are redeemable in three equal annual instalments commencing 31 March 2011.

On a return of capital of the Company on a liquidation of otherwise (other than a redemption of shares or the purchase by the Company of its own shares) the surplus assets and retained profits of the Company will be applied in the following order:

Priority	Class	Amount to be paid
1	'A' preference shares	Paid up capital and unpaid dividends
2	'B' preference shares	Paid up capital and unpaid dividends
3	'A' ordinary shares	Paid up capital
4	'B' ordinary shares	Paid up capital
5	'C' ordinary shares	Paid up capital
6	'A', 'B' and 'C' ordinary shares	Any surplus to be paid pro rata

Voting

The 'A' ordinary shares have 49% of the voting rights attaching to all the issued 'A', 'B' and 'C' ordinary shares and such percentage can under certain circumstances increase to 95%.

The 'C' ordinary shareholders and 'A' and 'B' preference shareholders do not have the right to vote at general meetings.

Exit proceeds

In the event of an Exit the proceeds shall be distributed as follows:

Class	Percentage
'A' ordinary shares	58%
'B' ordinary shares	33%
'C' ordinary shares	9%

The Exit proceeds shall be net of the repayment of the paid up capital and unpaid dividends on the 'A' and 'B' preference shares.

Notes to the financial statements

19 Reserves

	Capital redemption reserve £'000	Profit and loss account £'000
Group		
At 1 October 2006	-	784
Profit for the financial year	-	3,533
Dividends	-	(430)
Transfer	1,498	(1,498)
At 30 September 2007	1,498	2,389
Company		
At 1 October 2006	-	143
Profit for the financial year	-	2,592
Dividends	-	(430)
Transfer	1,498	(1,498)
At 30 September 2007	1,498	807

In accordance with the exemption allowed by section 230 (1) of the Companies Act 1985 the Company has not presented its own profit and loss account. The profit for the year was £2,592,000 (2006 - Profit £505,000)

20 Reconciliation of operating profit to operating cash flows

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
Operating profit	2,847	2,596
Depreciation charges	236	223
Amortisation of goodwill	144	171
Profit on disposal of fixed assets (excluding land and buildings)	(5)	(2)
Increase in stocks	(805)	(440)
Increase in debtors	(1,076)	(605)
Increase in creditors	947	684
Net cash inflow from operating activities	2,288	2,627

21 Analysis of cash flows for headings netted in the cash flow statement

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
<i>Returns on investments and servicing of finance</i>		
Interest paid	(652)	(581)
Preference dividends paid	(300)	(170)
Interest element of finance lease rental payments	(9)	(4)
Net cash outflow from returns on investments and servicing of finance	(961)	(755)
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(185)	(381)
Disposal of tangible fixed assets	13	3
Net cash outflow from capital expenditure and financial investment	(172)	(378)
<i>Acquisitions and disposals</i>		
Sale of subsidiary undertaking	4,431	-
Net cash transferred with subsidiary undertaking sale	(397)	-
Net cash outflow from acquisitions and disposals	4,034	-

Notes to the financial statements

21 Analysis of cash flows for headings netted in the cash flow statement (*continued*)

	Year ended 30 September 2007 £'000	Year ended 30 September 2006 £'000
<i>Financing</i>		
Redemption of 'A' Preference shares	(1,417)	-
Redemption of 'B' Preference shares	(80)	-
Repayment of loan stock 2013	(2,000)	-
Repayment of loans	(1,550)	(800)
Capital element of finance lease payments	(57)	(19)
Net cash outflow from financing	<u>(5,104)</u>	<u>(819)</u>

22 Analysis of net debt

	30 September 2006 £'000	Cash Flow £'000	Other non- cash changes £'000	30 September 2007 £'000
Cash at bank and in hand	17	1	-	18
Bank overdrafts	(910)	(958)	-	(1,868)
	<u>(893)</u>	<u>(957)</u>	<u>-</u>	<u>(1,850)</u>
Bank loans	(3,350)	1,550	-	(1,800)
Unsecured loan stock 2013	(2,000)	2,000	-	0
'A' preference shares	(2,835)	1,417	-	(1,418)
Obligations under finance leases	(220)	57	-	(163)
Unamortised finance costs	291	-	(175)	116
	<u>(8,114)</u>	<u>5,024</u>	<u>(175)</u>	<u>(3,265)</u>
	<u>(9,007)</u>	<u>4,067</u>	<u>(175)</u>	<u>(5,115)</u>

23 Sale of subsidiary undertaking

On 6 October 2006 the group disposed of Grove Products (Caravan Accessories) Limited. As a condition of that sale Volvox Group Limited disposed of its freehold property, which was occupied by Grove Products (Caravan Accessories) Limited and BMAC Limited, to the acquirer. Accordingly both transactions have been treated as linked and shown together in the following table. Details of the assets and liabilities disposed of, together with details of the consideration received are as follows:

	£'000
Tangible fixed assets	747
Goodwill	507
Stocks	547
Debtors	817
Creditors	(653)
Corporation Tax	(59)
	<u>1,906</u>
Profit on sale	<u>2,278</u>
	<u>4,184</u>
Satisfied by	
Cash received (net of expenses)	4,431
Deferred consideration	150
Cash balance transferred with the business	(397)
	<u>4,184</u>

Notes to the financial statements

24 Financial commitments

Authorised future capital expenditure amounted to

	30 September 2007 £'000	Group 30 September 2006 £'000	30 September 2007 £'000	Company 30 September 2006 £'000
Contracted but not provided	13	4	-	-

At 30 September 2007 the Group and Company were committed to making the following payments during the next year in respect of operating leases

	Group		Company	
	Land and buildings £'000	Plant, equipment and vehicles £'000	Land and buildings £'000	Plant, equipment and vehicles £'000
Leases expiring				
Within one year	-	27	-	-
Within one to five years	60	117	-	5
In more than five years	576	29	-	-
	636	173	-	5

25 Contingent liabilities

	30 September 2007 £'000	Company 30 September 2006 £'000
Overdrafts and loans guaranteed in respect of group undertakings	4,042	4,867

In addition, the Company, as part of the overall cross-group banking facility arrangements, guarantees letters of credit raised by its' subsidiary undertakings