

COMPANY REGISTRATION NUMBER NI 13601



**H RITCHIE & SONS (ELECTRICAL
WHOLESALEERS) LIMITED**
ABBREVIATED ACCOUNTS
31 MARCH 2006



GOLDBLATT McGUIGAN
Chartered Accountants & Registered Auditors
Alfred House
19 Alfred Street
Belfast
BT2 8EQ

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

ABBREVIATED ACCOUNTS

Year ended 31 March 2006

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H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

Mr H Ritchie
Mrs P Ritchie
Mr M Ritchie
Mr C Ritchie

Company Secretary

Mrs P Ritchie

Registered Office

Musgrave Park Industrial Estate
Stockmans Way
Belfast
BT9 7ET

Auditor

Goldblatt McGuigan
Chartered Accountants
& Registered Auditors
Alfred House
19 Alfred Street
Belfast
BT2 8EQ

Bankers

Ulster Bank Limited
140-142 Great Victoria Street
Belfast
BT2 7BU

Solicitors

Shean Dickson Merrick
Washington House
14 - 16 High Street
Belfast
BT1 2BS

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

THE DIRECTORS' REPORT

Year ended 31 March 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of electrical wholesale supplies.

The directors are satisfied with the results for the year which has seen a slight decrease in sales of 1.5%. The company's gross profit margin has increased from 25.9% to 26.9% in the year which, together with the decrease in administration expenses has generated retained profits after tax of £207,258 (2005 - £112,231). In addition to these key performance indicators, the company has budgetary and financial reporting procedures to manage credit, liquidity and other financial risks.

Despite increased competition in the market, the company continues to perform well, and the directors continue to seek new opportunities and markets with acceptable returns. The directors of the company manage their competition risk by close monitoring of customer service levels and product innovation. The company's staff have built up excellent relationships with their customers and suppliers and do not envisage any risks in sourcing or selling their products in the coming year. As a result, the directors are confident that these results can be sustained for the foreseeable future.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £207,258. The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

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

		Ordinary Shares of £1 each	
		At	At
		31 March 2006	1 April 2005
Mr H Ritchie		17,500	17,500
Mrs P Ritchie		22,400	22,400
Mr C Ritchie		5,000	5,000
Mr G Power	(Resigned 31 October 2005)	<u> </u>	<u> </u>

Mr M Ritchie was appointed as a director on 1 July 2006.

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

THE DIRECTORS' REPORT *(continued)*

Year ended 31 March 2006

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. The directors 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.

DONATIONS

During the year the company made the following contributions:

	2006	2005
	£	£
Charitable	<u>625</u>	<u>1,020</u>

POST BALANCE SHEET EVENT

In December 2006, H Ritchie & Sons (Electrical Wholesalers) Limited acquired the shares in GLS Shemelds Limited, a company incorporated in Northern Ireland whose principal activity is the distribution of electrical supplies.

PURCHASE OF OWN SHARES

During the year the company purchased 5,100 of its own shares for a total consideration of £230,000. The shares acquired represented 10.2% of the total share capital of the company. The reason for purchase was to benefit the company's trade.

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

THE DIRECTORS' REPORT *(continued)*

Year ended 31 March 2006

AUDITOR

A resolution to re-appoint Goldblatt McGuigan as auditor for the ensuing year will be proposed at the annual general meeting in accordance with Article 392 of the Companies (Northern Ireland) Order 1986.

Registered office:
Musgrave Park Industrial Estate
Stockmans Way
Belfast
BT9 7ET

Signed on behalf of the directors



MR H RITCHIE
Director

Approved by the directors on 29/1/07



GOLDBLATT McGUIGAN

Alfred House, 19 Alfred Street, Belfast BT2 8EQ
Tel: 028 9031 1113 Fax: 028 9031 0777
www.goldblattmcguigan.com

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE COMPANY

UNDER ARTICLE 255B OF THE COMPANIES (NORTHERN IRELAND) ORDER 1986

We have examined the company's abbreviated accounts on pages 6 to 19, together with the financial statements of the company prepared under Article 234 of the Companies (Northern Ireland) Order 1986 for the year ended 31 March 2006.

This report is made solely to the company, in accordance with Article 255B of the Companies (Northern Ireland) Order 1986. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with Article 254A of the Companies (Northern Ireland) Order 1986. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts properly prepared in accordance with Article 254A(3) of the Order to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

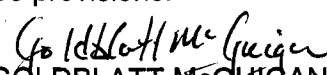
BASIS OF OPINION

We conducted our work in accordance with Bulletin 2006/03 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practice Board. In accordance with that bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Article 254A(3) of the Order, and the abbreviated accounts on pages 6 to 19 are properly prepared in accordance with those provisions.

Alfred House
19 Alfred Street
Belfast
BT2 8EQ


GOLDBLATT McGUIGAN
Chartered Accountants
& Registered Auditors

29 January 2007

CHARTERED ACCOUNTANTS | CHARTERED TAX ADVISORS | FORENSIC ACCOUNTANTS | MANAGEMENT CONSULTANTS | CORPORATE FINANCE | CORPORATE RECOVERY CONSULTANTS

Partners: Sam Goldblatt, Tony Nicholl, Jackie Smith, Philip Caughey, Michael Gibson, Gabriel Greene, Lyn Hagan
Directors: Joseph Brown, Michael Clarke, Kay Collins, Susan Dunlop, Debbie McFarren, Tom Lenehan, Diane McStay, Erica White Consultant: Michael McGuigan

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2006

	Note	2006 £	2005 £
GROSS PROFIT		2,966,859	2,893,004
Distribution costs		1,331,815	1,327,542
Administrative expenses		1,345,487	1,388,608
OPERATING PROFIT	2	<u>289,557</u>	<u>176,854</u>
Interest receivable		4,833	4,816
Interest payable and similar charges	5	(19,328)	(19,672)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>275,062</u>	<u>161,998</u>
Tax on profit on ordinary activities	6	67,804	49,767
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>207,258</u>	<u>112,231</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 year as set out above.

The notes on pages 9 to 19 form part of these abbreviated accounts.

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

ABBREVIATED BALANCE SHEET

31 March 2006

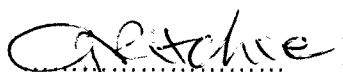
	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	7	<u>1,373,309</u>	<u>1,466,864</u>
CURRENT ASSETS			
Stocks	8	895,586	1,069,225
Debtors	9	2,523,298	2,942,953
Cash at bank and in hand		<u>295,408</u>	<u>277,863</u>
		3,714,292	4,290,041
CREDITORS: Amounts falling due within one year	10	<u>2,105,935</u>	<u>2,910,808</u>
NET CURRENT ASSETS		<u>1,608,357</u>	<u>1,379,233</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,981,666</u>	<u>2,846,097</u>
CREDITORS: Amounts falling due after more than one year	11	<u>200,692</u>	<u>35,501</u>
		<u>2,780,974</u>	<u>2,810,596</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	14	<u>44,846</u>	<u>51,726</u>
		<u>2,736,128</u>	<u>2,758,870</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	44,900	50,000
Capital redemption reserve	18	5,100	—
Profit and loss account	19	<u>2,686,128</u>	<u>2,708,870</u>
SHAREHOLDERS' FUNDS	20	<u>2,736,128</u>	<u>2,758,870</u>

These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VIII of the Companies (Northern Ireland) Order 1986.

These abbreviated accounts were approved and authorised for issue by the directors on the ..29/1/07..... and are signed on their behalf by:



MR H RITCHIE
Director



MR C RITCHIE
Director

The notes on pages 9 to 19 form part of these abbreviated accounts.

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

CASH FLOW STATEMENT

Year ended 31 March 2006

	Note	2006 £	2005 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	21	778,841	(309,843)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		4,833	4,816
Interest paid		(13,423)	(14,669)
Interest element of hire purchase and finance lease		<u>(5,405)</u>	<u>(5,503)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(13,995)	(15,356)
TAXATION		(59,286)	(52,052)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(22,474)	(20,906)
Receipts from sale of fixed assets		<u>11,400</u>	<u>—</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(11,074)	(20,906)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		694,486	(398,157)
FINANCING			
Purchase of own equity shares		(5,100)	—
Premium on purchase of own equity shares		(224,900)	—
New bank loans		320,000	—
Repayment of bank loans		(132,931)	(131,260)
Capital element of hire purchase and finance lease		<u>(42,937)</u>	<u>(46,774)</u>
NET CASH OUTFLOW FROM FINANCING		(85,868)	(178,034)
INCREASE/(DECREASE) IN CASH	21	<u>608,618</u>	<u>(576,191)</u>

The notes on pages 9 to 19 form part of these abbreviated accounts.

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 March 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of Value Added Tax.

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:

Buildings	-	2% per annum on cost
Fixtures & Fittings	-	20% per annum on cost
Motor Vehicles	-	25% per annum on cost
Leasehold Improvements	-	10% per annum on cost

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which the stock can be realised in the normal course of business. Provision is made for obsolescent, 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.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 March 2006

1. ACCOUNTING POLICIES *(continued)*

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 certain employees. The assets of the scheme are held separately from those of the company. In addition the company also contributes to the personal pension schemes of other employees. The annual contributions payable are charged to the Profit and Loss Account.

Taxation

Corporation tax is calculated on the results for the year.

Tax deferred as a result of timing differences between accounting and taxation profits is provided for in full in respect of deferred tax liabilities. Such provision or recognition is made at the taxation rates at which the differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 March 2006

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2006 £	2005 £
Depreciation of owned fixed assets	77,403	86,400
Depreciation of assets held under hire purchase and finance lease agreements	25,921	32,276
Loss/(Profit) on disposal of fixed assets	1,305	(3,500)
Auditor's remuneration		
- as auditor	12,000	10,000
- for other services	13,500	-
Operating lease costs:		
Land and buildings	29,720	29,305
Vehicles	54,218	51,150
Net profit on foreign currency translation	(5,140)	(2,273)

3. PARTICULARS OF EMPLOYEES

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

	2006 No	2005 No
Number of administrative staff	23	19
Number of sales staff	47	51
	<u>70</u>	<u>70</u>

The aggregate payroll costs of the above were:

	2006 £	2005 £
Wages and salaries	1,556,132	1,623,070
Social security costs	156,084	190,916
Pension costs	63,878	72,553
Exceptional item:		
Termination payment	90,000	-
	<u>1,866,094</u>	<u>1,886,539</u>

All pension contributions were paid in the year.

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 March 2006

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2006 £	2005 £
Emoluments receivable	452,585	530,603
Value of company pension contributions to money purchase schemes	<u>16,570</u>	<u>19,725</u>
	<u>469,155</u>	<u>550,328</u>

Emoluments of highest paid director:

	2006 £	2005 £
Total emoluments (excluding pension contributions)	190,448	312,431
Value of company pension contributions to money purchase schemes	<u>6,200</u>	<u>6,200</u>
	<u>196,648</u>	<u>318,631</u>

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

	2006 No	2005 No
Money purchase schemes	<u>4</u>	<u>4</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Interest payable on bank borrowing	13,875	14,095
Finance charges	5,405	5,503
Other similar charges payable	<u>48</u>	<u>74</u>
	<u>19,328</u>	<u>19,672</u>

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 March 2006

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	74,363	59,295
Adjustments in respect of prior periods	321	-
Total current tax	<u>74,684</u>	<u>59,295</u>
Deferred tax:		
Origination and reversal of timing differences	(6,880)	(9,528)
Tax on profit on ordinary activities	<u>67,804</u>	<u>49,767</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%).

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>275,062</u>	<u>161,998</u>
Profit on ordinary activities at 30% (2005 - 30%)	82,519	48,599
Expenses not deductible for tax purposes	16,506	15,082
Origination and reversal of timing differences	6,880	9,528
Adjustments in respect of prior periods	321	-
Marginal corporation tax relief	<u>(31,542)</u>	<u>(13,914)</u>
Total current tax (note 6(a))	<u>74,684</u>	<u>59,295</u>

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 March 2006

7. TANGIBLE FIXED ASSETS

	Leasehold Land and Buildings £	Fixtures & Fittings £	Motor Vehicles £	Leasehold Impr'ments £	Total £
COST					
At 1 April 2005	1,566,386	577,730	105,709	34,605	2,284,430
Additions	—	22,474	—	—	22,474
Disposals	—	—	(25,415)	—	(25,415)
At 31 March 2006	<u>1,566,386</u>	<u>600,204</u>	<u>80,294</u>	<u>34,605</u>	<u>2,281,489</u>
DEPRECIATION					
At 1 April 2005	274,890	484,071	46,987	11,618	817,566
Charge for the year	27,600	51,747	20,077	3,900	103,324
On disposals	—	—	(12,710)	—	(12,710)
At 31 March 2006	<u>302,490</u>	<u>535,818</u>	<u>54,354</u>	<u>15,518</u>	<u>908,180</u>
NET BOOK VALUE					
At 31 March 2006	<u>1,263,896</u>	<u>64,386</u>	<u>25,940</u>	<u>19,087</u>	<u>1,373,309</u>
At 31 March 2005	<u>1,291,496</u>	<u>93,659</u>	<u>58,722</u>	<u>22,987</u>	<u>1,466,864</u>

The cost of long leasehold land and buildings includes £147,465 (2005 - £147,465) in respect of land which is not depreciated.

Hire purchase and finance lease agreements

Included within the net book value of £1,373,309 is £23,949 (2005 - £55,730) relating to assets held under hire purchase agreements, and £12,711 (2005 - £19,556) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £19,076 (2005 - £25,431), and £6,845 (2005 - £6,845) in respect of assets held under finance lease agreements.

8. STOCKS

	2006 £	2005 £
Goods for resale	<u>895,586</u>	<u>1,069,225</u>

9. DEBTORS

	2006 £	2005 £
Trade debtors	2,332,971	2,696,360
Other debtors	1,000	1,000
Directors' current accounts	7,360	27,407
Prepayments and accrued income	181,967	218,186
	<u>2,523,298</u>	<u>2,942,953</u>

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 March 2006

10. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	417,782	1,019,755
Trade creditors	1,215,308	1,338,489
Corporation tax	74,693	59,295
PAYE and social security	53,061	53,931
VAT	134,722	111,698
Hire purchase and finance lease agreements	28,105	38,264
Other creditors	2,382	347
Directors' current accounts	2,987	2,987
Accruals and deferred income	176,895	286,042
	<u>2,105,935</u>	<u>2,910,808</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2006 £	2005 £
Bank loans and overdrafts	417,782	1,019,755
Hire purchase and finance lease agreements	28,105	38,264
	<u>445,887</u>	<u>1,058,019</u>

The company's bank facilities are secured on the company's long leasehold property and a mortgage debenture.

Hire purchase and finance lease agreements are secured on the assets acquired.

11. CREDITORS: Amounts falling due after more than one year

	2006 £	2005 £
Bank loans	197,969	—
Hire purchase and finance lease agreements	2,723	35,501
	<u>200,692</u>	<u>35,501</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2006 £	2005 £
Bank loans	197,969	—
Hire purchase and finance lease agreements	2,723	35,501
	<u>200,692</u>	<u>35,501</u>

Security is as disclosed above.

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 March 2006

12. COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase and finance lease agreements are as follows:

	2006 £	2005 £
Amounts payable within 1 year	28,105	38,264
Amounts payable between 1 and 2 years	2,723	32,778
Amounts payable between 2 to 5 years	-	2,723
	<u>30,828</u>	<u>73,765</u>

13. DIRECTORS' CURRENT ACCOUNTS

Amounts due from/ (to) the directors at the year end were as follows:

	2006 £	2005 £
Mr H Ritchie (interest free)	6,860	27,407
Mrs P Ritchie (interest free)	(2,987)	(2,987)
Mr C Ritchie (interest free)	<u>500</u>	<u>-</u>

The maximum amount outstanding during the year in relation to the above overdrawn amounts were:

	Maximum Outstanding £
Mr H Ritchie	33,647
Mr C Ritchie	<u>3,651</u>

The overdrawn current accounts were cleared in December 2006.

14. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2006 £
Provision brought forward	51,726
Profit and loss account movement arising during the year	<u>(6,880)</u>
Provision carried forward	<u>44,846</u>

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

	2006 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	<u>44,846</u>	<u>51,726</u>
	<u>44,846</u>	<u>51,726</u>

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 March 2006

15. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	2006		2005	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	19,476	-	12,660
Within 2 to 5 years	-	14,884	-	30,804
After more than 5 years	29,300	-	29,300	-
	<u>29,300</u>	<u>34,360</u>	<u>29,300</u>	<u>43,464</u>

16. RELATED PARTY TRANSACTIONS

Control

The company was under the control of the directors, Mr H Ritchie and Mrs P Ritchie, throughout the current and previous year. Together Mr H and Mrs P Ritchie held 88.8% of the share capital at the year end.

Transactions

There were no transactions with related parties, such as are required to be disclosed under Financial Reporting Standard 8, further to those disclosed in note 16.

17. SHARE CAPITAL

Authorised share capital:

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

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>44,900</u>	<u>44,900</u>	<u>50,000</u>	<u>50,000</u>

During the year the company purchased 5,100 of its own shares for a total consideration of £230,000.

18. CAPITAL REDEMPTION RESERVE

	2006 £	2005 £
Purchase of own shares	<u>5,100</u>	<u>-</u>

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 March 2006

19. PROFIT AND LOSS ACCOUNT

	2006 £	2005 £
Balance brought forward	2,708,870	2,596,639
Profit for the financial year	207,258	112,231
Purchase of own shares	(230,000)	—
Balance carried forward	<u>2,686,128</u>	<u>2,708,870</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	207,258	112,231
Purchase of own ordinary shares	(5,100)	—
Premium on purchase of own ordinary shares	(224,900)	—
Net (reduction)/addition to shareholders' funds	<u>(22,742)</u>	<u>112,231</u>
Opening shareholders' funds	2,758,870	2,646,639
Closing shareholders' funds	<u>2,736,128</u>	<u>2,758,870</u>

21. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2006 £	2005 £
Operating profit	289,557	176,854
Depreciation	103,324	118,676
Loss/(Profit) on disposal of fixed assets	1,305	(3,500)
Decrease/(increase) in stocks	173,639	(51,950)
Decrease/(increase) in debtors	419,655	(212,261)
Decrease in creditors	(208,639)	(337,662)
Net cash inflow/(outflow) from operating activities	<u>778,841</u>	<u>(309,843)</u>

H RITCHIE & SONS (ELECTRICAL WHOLESALERS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 March 2006

21. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2006 £	2005 £
Increase/(decrease) in cash in the period	608,618	(576,191)
Net cash (inflow)/outflow from bank loans	(187,069)	131,260
Cash outflow in respect of hire purchase and finance lease	42,937	46,774
Change in net debt resulting from cash flows	464,486	(398,157)
New hire purchase and finance lease agreements	—	(23,695)
Movement in net debt in the period	464,486	(421,852)
Net debt at 1 April 2005	(815,657)	(393,805)
Net debt at 31 March 2006	(351,171)	(815,657)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2005 £	Cash flows £	At 31 Mar 2006 £
Net cash:			
Cash in hand and at bank	277,863	17,545	295,408
Overdrafts	(889,484)	591,073	(298,411)
	(611,621)	608,618	(3,003)
Debt:			
Debt due within 1 year	(130,271)	10,900	(119,371)
Debt due after 1 year	—	(197,969)	(197,969)
Hire purchase and finance lease agreements	(73,765)	42,937	(30,828)
	(204,036)	(144,132)	(348,168)
Net debt	(815,657)	464,486	(351,171)

22. POST BALANCE SHEET EVENTS

In December 2006, H Ritchie & Sons (Electrical Wholesalers) Limited acquired the shares in GLS Shemelds Limited, a company incorporated in Northern Ireland whose principal activity is the distribution of electrical supplies.