

LEIGHS PAINTS
FINANCIAL STATEMENTS
31 DECEMBER 2009

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LEIGHS PAINTS**COMPANY INFORMATION****Directors**

Mr B H Leigh-Bramwell (Chairman)
Mrs H R Leigh-Bramwell
Mr M Snowball
Mr R I Frost
Mrs J L Mitchell

Secretary and registered office

Mr M Snowball
Tower Works
Kestor Street
Bolton
BL2 2AL

Auditors

Wheawill & Sudworth
Chartered Accountants
35 Westgate
Huddersfield
HD1 1PA

Bankers

National Westminster Bank plc
24 Deansgate
Bolton
BL1 1BN

Solicitors

CMA Solicitors
Churchgate House
30 Churchgate
Bolton
BL1 1HS

LEIGHS PAINTS

DIRECTORS' REPORT

31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

Directors

The directors who served during the year were

Mr B H Leigh-Bramwell
 Mrs H R Leigh-Bramwell
 Mr M Snowball
 Mr R I Frost
 Mrs J L Mitchell

Directors' responsibilities for preparing the accounts

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 that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and accounting 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 auditors are 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 auditors are aware of that information

Directors' interests

None of the directors held any interest in the share capital of the company or any other group company at any time during the year.

LEIGHS PAINTS

DIRECTORS' REPORT (continued)

31 DECEMBER 2009

Activities and business review

During the year, the company has continued to manufacture specialist industrial and fire protection coatings, including intumescent paint. The company is one of the UK's leading independent manufacturers in this area and provides its products to a wide range of customers operating within the steel, marine, oil, gas and chemical, and transport markets. The risks inherent within this sphere of activity are the continuation of raw material availability, raw material price pressures and the general state of UK civil construction.

The results for the year are set out in the profit and loss account on page 6.

For the year under review both turnover and gross profit decreased. The main cause of the decrease in turnover and gross profit was the slow-down in UK civil construction. The gross profit margin on manufactured product continued to be under pressure as the raw material price pressures experienced in the second half of 2008 continued throughout the year. The directors believe these to be the main KPI's of the business. The gross profit margin of the company in the year was 46.73% as compared to 47.94% in 2008.

During the year we have continued to redevelop our site in Bolton improving the production capabilities and expanding the research and development capacity. This is an on-going project which will ensure our facility will comply with current environmental legislation, can meet increased demands and provide an efficient and cost effective production facility for the future. The directors have recognised the need to minimise the environmental and social impact of the business in both the atmosphere and the surrounding area.

Research and development activities have increased during the year, and the company has several development projects underway which are currently showing positive results.

The directors consider that despite the fall in turnover, the on-going investment in the Tower Works site and the continued investment in research and development indicate that the state of the business is satisfactory. The strength of the balance sheet and the maintenance of positive cash balances provides a firm basis for plans to continue successful trading into the foreseeable future.

Financial instruments

The company's principal financial instruments comprise bank balances, trade debtors, trade creditors and a finance lease agreements. The main purpose of these is to hold funds for, and record, the company's operations. Due to the nature of these financial instruments there is no exposure to price risk. As the company currently has adequate funds available to meet its operating requirements, there is also little liquidity risk. Any excess funds are deposited on term deposits, with the aim of spreading the maturity of these across varying time periods. Deposits are placed with suitably assessed and approved financial institutions.

Trade debtors are managed in respect of credit and cash flow risk by controls over the credit offered to customers and the regular monitoring of amounts outstanding against both time and value limits. Trade creditors liquidity risk is managed by ensuring that there are sufficient funds available to meet amounts due. In respect of the liquidity risk attached to finance lease agreements, the company manages this risk by ensuring there are sufficient funds to meet the fixed monthly repayments.

The exchange rate risk inherent in international trading is managed by offsetting foreign currency incomes against foreign currency outgoings where possible. Use is also made of forward contracts to limit the exposure to movements in exchange rates.

LEIGHS PAINTS

DIRECTORS' REPORT (continued)

31 DECEMBER 2009

Results and dividends

The loss for the year, after taxation, amounted to £845,912. After the payment of proposed dividends as at 31 December 2008 of £655,552 and the recognition of the actuarial gain for the year of £1,615,000, the level of retained profit has increased by £113,536 (2008 decrease of £2,527,887).

The directors propose the payment of final dividends totalling £13,997 for the year ended 31 December 2009.

Future developments

The company aims to continually develop its products and services to satisfy its existing customers and secure new customers. The company will continue to look for additional business opportunities so as to maintain its competitive position.

Qualifying Pension Scheme Indemnity Provision

There is in force Qualifying Indemnity Provision (as defined in section 236 of the Companies Act 2006) for the benefit of those directors of the Company who are also directors of W & J Leigh Trustees Limited, the current trustee of the W & J Leigh Staff Pension Scheme.

Market value of land and buildings

In the opinion of the directors, the present value of land and buildings is in excess of the book value at 31 December 2009, however the directors consider that the amount of the excess has no significance as these assets are being retained for the company's continuing trading activities.

Research and development

The company incurred expenditure on research and development appropriate to its trading activities.

Employee involvement

Arrangements exist to inform and consult with employees' representatives on matters of concern to employees.

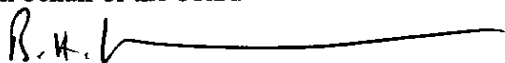
Employment of disabled persons

It is the policy of the company to give full and fair consideration to the employment of disabled persons, their training and career development with every effort made to retain and assist employees who become disabled in the course of their employment.

Auditors

A resolution to re-appoint Wheawill & Sudworth as auditors will be put to the shareholders at the Annual General Meeting.

On behalf of the board



B H LEIGH-BRAMWELL
Chairman

17 May 2010

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LEIGHS PAINTS

We have audited the financial statements of Leighs Paints for the year ended 31 December 2009 on pages 6 to 27. 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 Chapter 3 of Part 16 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibilities Statement (set out on page 2) 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 31 December 2009 and of its loss 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.

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.



David Butterworth (Senior Statutory Auditor)
for and on behalf of Wheawill & Sudworth, Statutory Auditor

35 Westgate
Huddersfield
HD1 1PA
17 May 2010

LEIGHS PAINTS**PROFIT AND LOSS ACCOUNT****31 DECEMBER 2009**

		2009 £	2008 £
Notes			
2	Turnover	31,279,318	39,564,957
	Royalties receivable	279,208	1,243,033
	Change in stocks of finished goods and in work in progress	(255,899)	555,508
		<u>31,302,627</u>	<u>41,363,498</u>
	Raw materials and consumables	(16,556,456)	(21,800,695)
3	Staff costs	(9,019,314)	(9,674,918)
	Depreciation	(755,249)	(673,228)
	Other operating charges	(6,766,667)	(6,809,466)
3	Operating (loss) profit	<u>(1,795,059)</u>	<u>2,405,191</u>
	Income from shares in group undertaking	205,196	-
4	Loss on disposal of investment companies	(135,778)	-
5	Interest receivable and similar income	353,799	962,745
6	Interest payable and similar charges	(21,144)	(15,843)
	(Loss) profit on ordinary activities before taxation	<u>(1,392,986)</u>	<u>3,352,093</u>
7	Taxation on (loss) profit on ordinary activities	547,074	(946,983)
26	(Loss) profit for the financial year	<u><u>(845,912)</u></u>	<u><u>2,405,110</u></u>

None of the company's activities were acquired or discontinued during the above two financial years

The notes on pages 10 to 27 form part of these financial statements

LEIGHS PAINTS**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

for the year ended

31 DECEMBER 2009

	2009 £	2008 £
(Loss) profit for the financial year	(845,912)	2,405,110
Actuarial valuation gains (losses) on defined benefit pension scheme Assets and liabilities	2,243,000	(6,686,000)
Deferred tax charge relating to actuarial valuation gains (losses)	(628,000)	2,107,000
Total recognised gains and losses for the year	<u>769,088</u>	<u>(2,173,890)</u>

The notes on pages 10 to 27 form part of these financial statements

LEIGHS PAINTS**CASH FLOW STATEMENT**

for the year ended

31 DECEMBER 2009

		2009 £	2008 £
Notes			
9	Net cash inflow from operating activities	1,160,969	1,559,936
10	Returns on investments and servicing of finance	(17,897)	46,350
	Taxation	(450,000)	(500,243)
10	Capital expenditure and financial investment	(1,000,319)	(1,276,388)
10	Acquisitions and disposals	37,860	-
		<u>(269,387)</u>	<u>(170,345)</u>
8	Equity dividends paid	(650,000)	(348,445)
11	(Decrease) in cash in the year	<u><u>(919,387)</u></u>	<u><u>(518,790)</u></u>

The notes on pages 10 to 27 form part of these financial statements

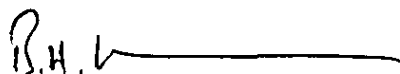
LEIGHS PAINTS

BALANCE SHEET

31 DECEMBER 2009

Notes		2009 £	2008 £
	Fixed assets		
13	Tangible assets	4,231,378	3,771,153
14	Investments		
	Group companies	-	209,641
	Associated companies	177,489	197,489
		<u>4,408,867</u>	<u>4,178,283</u>
	Current assets		
15	Stocks	4,692,744	5,560,813
16	Debtors	6,226,854	9,403,554
	Cash in hand	56,825	976,212
		<u>10,976,423</u>	<u>15,940,579</u>
17	Creditors: amounts falling due within one year	<u>(3,384,059)</u>	<u>(6,380,479)</u>
	Net current assets	<u>7,592,364</u>	<u>9,560,100</u>
	Total assets less current liabilities	<u>12,001,231</u>	<u>13,738,383</u>
18	Creditors: amounts falling due after one year	(158,812)	-
22	Provision for liabilities	<u>(3,500)</u>	<u>(80,000)</u>
	Net assets excluding pension scheme asset	<u>11,838,919</u>	<u>13,658,383</u>
23	Pension scheme asset	<u>5,202,000</u>	<u>3,269,000</u>
	Net assets	<u><u>17,040,919</u></u>	<u><u>16,927,383</u></u>
	Capital and reserves		
24	Called up share capital	93,520	93,520
25	Capital redemption reserve	43,230	43,230
25	Share premium account	117,713	117,713
25	Profit and loss account	<u>16,786,456</u>	<u>16,672,920</u>
26	Shareholders' funds	<u><u>17,040,919</u></u>	<u><u>16,927,383</u></u>

These financial statements were approved by the directors and authorised for issue on 17 May 2010, and are signed on their behalf by



B H Leigh-Bramwell

M Snowball



Company Registration Number 893081

The notes on pages 10 to 27 form part of these financial statements

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are judged material in relation to the company's financial statements

Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with applicable UK Accounting Standards

Consolidated accounts

These accounts present information about the company as an individual undertaking. The company is exempt from the obligation to prepare and deliver group accounts on the following grounds: (i) that the subsidiary undertakings are not material and (ii) the company is included in the accounts of its parent company.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The depreciation of tangible fixed assets is based on cost at rates calculated to write off the cost over the asset lives as follows:

Freehold buildings	- 2% per annum straight line
Premium on lease	- over the term of 125 years from 1983, straight line
Plant and machinery	
Laboratory	- 20% per annum straight line
Other - long life	- 10% per annum straight line
Other - short life	- 20% per annum straight line
Fixtures and fittings	- 10% per annum straight line
Office equipment	- 20% per annum straight line
Motor vehicles	- 25% per annum reducing balance

In the year of acquisition tangible fixed assets are depreciated for a full year and depreciation is only charged once the asset is in use.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment.

Stocks

Stocks are stated at direct cost plus attributable overheads or net realisable value if lower.

Turnover

Turnover represents the value of goods sold and services provided net of value added tax.

Research and development

Expenditure on research and development is charged to the profit and loss account as incurred.

Deferred taxation

Provision is made on the full provision method at current tax rates for deferred tax assets and liabilities arising from all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

1 Accounting policies (continued)

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction and any differences are taken to the profit and loss account.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Finance lease

Assets held under finance leases are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments is charged to the profit and loss account over the period of the lease.

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.

Pension costs – defined benefit scheme

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value at such a rate that properly reflects the time value of money and the characteristics of those liabilities.

Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme surplus or deficit is recognised in full on the balance sheet as an asset or a liability. The deferred tax relating to the defined benefit asset/liability is offset against the defined benefit asset/liability and not included with other deferred tax assets or liabilities.

The movement upon the pension scheme surplus or deficit for the year is analysed between current service costs and finance income/charges which are recognised in the profit and loss account and actuarial valuation gains/losses which are recognised in the statement of total recognised gains and losses.

Pension costs – defined contribution schemes

Contributions made by the company to both the group defined contribution scheme operated by the company as well as the defined contributions scheme managed independently of the company, are charged to the profit and loss account as they become payable.

2 Turnover

The directors consider that the disclosure of an analysis of turnover by geographical market would be prejudicial to the interests of the company.

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

	2009 £	2008 £
3 Operating (loss) profit		
a) This is stated after charging		
Depreciation	755,249	673,228
Directors' emoluments (see below)	514,433	553,429
Auditors' remuneration (see below)	55,504	48,820
Loss (profit) on foreign exchange	28,789	(220,374)
Research and development (including salary costs)	1,160,406	1,019,186
Operating lease rentals		
Land and buildings	66,257	59,475
Plant and equipment	325,031	271,951
	<u>755,249</u>	<u>673,228</u>
Auditors remuneration is analysed as follows		
Fees payable for the audit of the Company	25,517	24,302
Fees payable for the audit of the Holding company	2,205	2,100
Fees payable for the audit of the Company's subsidiaries	1,103	1,050
	<u>28,825</u>	<u>27,452</u>
Total audit fees	<u>28,825</u>	<u>27,452</u>
Taxation services	3,150	3,150
Audit of the Company's Pension Fund	5,513	5,250
Other services	18,016	12,968
	<u>26,679</u>	<u>21,368</u>
Total non audit fees	<u>26,679</u>	<u>21,368</u>
Total fees	<u>55,504</u>	<u>48,820</u>
b) Directors' emoluments		
Aggregate emoluments	430,282	477,351
Company pension contributions to a defined benefit scheme	24,971	21,464
Company pension contributions to money purchase schemes	59,180	54,614
	<u>514,433</u>	<u>553,429</u>
Retirement benefits are accruing to three directors under a defined benefit scheme and to three directors under money purchase schemes		
Emoluments of the highest paid director		
Aggregate emoluments	156,389	170,607
Company pension contributions to money purchase schemes	22,740	21,232
Defined benefit pension scheme		
Company pension contributions to a defined benefit scheme	9,824	8,712
Accrued pension at end of year	50,279	48,525
Accrued lump sum at end of year	335,193	323,502
	<u>335,193</u>	<u>323,502</u>

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

3 Operating (loss) profit (continued)

	2009 Number	2008 Number
c) Particulars of staff		
The average monthly number of persons employed during the year were as follows		
Directors	3	3
Administrative	41	34
Sales	54	54
Technical	45	42
Supply chain	39	36
Production	93	97
	<u>275</u>	<u>266</u>
	£	£
Staff costs		
Wages and salaries	7,848,912	7,892,846
Social security costs	713,385	992,262
Pension costs - defined benefit scheme (note 23)	269,632	597,271
- defined contribution scheme (note 23)	187,385	192,539
	<u>9,019,314</u>	<u>9,674,918</u>

	2009 £	2008 £
4 Loss on disposal of investment companies		
Loss on disposal of subsidiary companies	144,640	-
Release of provision against loans to associated companies	(10,442)	-
Inter-company balances written off	1,580	-
	<u>135,778</u>	<u>-</u>

	2009 £	2008 £
5 Interest receivable and similar income		
Interest on bank deposits	6,687	64,154
Loan interest	619	1,831
Other interest	1,493	1,760
Net finance income in respect of defined benefit pension scheme	345,000	895,000
	<u>353,799</u>	<u>962,745</u>

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

		2009		2008	
		£		£	
6	Interest payable and similar charges				
	VAT surcharge and interest	-		2,645	
	Bank and other interest	21,144		13,198	
		<u>21,144</u>		<u>15,843</u>	
7	Taxation on (loss) profit on ordinary activities	2009		2008	
		£	£	£	£
(a)	Analysis of charge for the year				
	Current tax				
	UK Corporation tax on (loss) profit for the year	(590,000)		720,000	
	Adjustment in respect of previous Periods	(4,574)		6,983	
	Total current tax (note 7(b))		(594,574)		726,983
	Deferred tax				
	Origination and reversal of timing Differences	(76,500)		10,000	
	Deferred tax charge relating to defined benefit pension scheme	124,000	47,500	210,000	220,000
	Taxation on (loss) profit on ordinary activities		<u>(547,074)</u>		<u>946,983</u>
(b)	Factors affecting the charge for the year				
	The tax assessed for the year is lower (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 28%) The differences are explained below				
		2009		2008	
		£		£	
	(Loss) profit on ordinary activities before taxation	<u>(1,392,986)</u>		<u>3,352,093</u>	
	(Loss) profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 28%)	(390,036)		938,586	

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

7 Taxation on (loss) profit on ordinary activities (continued)

(b) Factors affecting the charge for the year (continued)	2009 £	2008 £
Effects of		
Expenses not deductible for tax purposes	21,125	19,880
(Decrease) increase in provisions not deductible for tax purposes	(2,033)	30,800
Depreciation charges for the year in excess of capital allowances	25,861	8,400
Tax allowances upon research and development expenditure	(97,474)	(79,890)
Net income relating to defined benefit pension scheme calculated under FRS17 not taxable	(123,760)	(186,480)
Adjustment to tax charge in respect of previous periods	(4,574)	6,983
Group dividends and items relating to investment disposals not chargeable for tax	(19,437)	-
Other tax adjustments	(4,246)	(11,296)
Current tax charge for year (note 7(a))	<u>(594,574)</u>	<u>726,983</u>

(c) Factors affecting the charge for the year

At 31 December 2009 the company has unrelieved capital losses of £291,690 (31 December 2008 £291,690)

8 Dividends	2009 £	2008 £
Paid during the year		
10% First Preference shares	63	63
6% Second Preference shares	5,067	5,067
10% Third Preference shares	422	422
Ordinary shares	650,000	348,445
	<u>655,552</u>	<u>353,997</u>
Proposed after the year end (not recognised as a liability)		
10% First Preference shares	63	63
6% Second Preference shares	5,067	5,067
10% Third Preference shares	422	422
Ordinary shares	8,445	650,000
	<u>13,997</u>	<u>655,552</u>

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

9	Reconciliation of operating (loss) profit to net cash inflow from operating activities	2009 £	2008 £
	Operating (loss) profit	(1,795,059)	2,405,191
	Depreciation	755,249	673,228
	Decrease (increase) in stocks	868,069	(1,615,494)
	Decrease (increase) in debtors	3,722,007	(1,038,130)
	(Decrease) increase in creditors	(2,292,297)	906,141
	(Decrease) increase in defined benefit pension scheme employee benefits	(97,000)	229,000
	Net cash inflow from operating activities	<u>1,160,969</u>	<u>1,559,936</u>
10	Gross cash flows	2009 £	2008 £
	(a) Returns on investments and servicing of finance		
	Interest received	8,799	67,745
	Interest paid	(21,144)	(15,843)
	Preference dividends paid	(5,552)	(5,552)
		<u>(17,897)</u>	<u>46,350</u>
	(b) Capital expenditure and financial investment		
	Payments to acquire tangible fixed assets	(1,020,319)	(1,336,812)
	Receipts from sales of tangible fixed assets	-	424
	Receipts of monies in respect of associated companies included in investments	20,000	60,000
		<u>(1,000,319)</u>	<u>(1,276,388)</u>
	(c) Acquisitions and disposals		
	Received on disposal of investment companies	<u>37,860</u>	<u>-</u>
The above relates to monies received into Leighs Paints on the closure of various bank accounts held in the name of the investment companies			
11	Reconciliation of net cash (outflow) to movement in net (debt) funds	2009 £	2008 £
	(Decrease) in cash in the year	(919,387)	(518,790)
	Finance lease contracts	(195,155)	-
		<u>(1,114,542)</u>	<u>(518,790)</u>
	Net funds at 1 January 2009	<u>976,212</u>	<u>1,495,002</u>
	Net (debt) funds at 31 December 2009	<u>(138,330)</u>	<u>976,212</u>

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

12 Analysis of net funds (debt) and movement during the year

	At 1 January 2009 £	Cash flow £	Non-cash changes £	At 31 December 2009 £
Cash				
Cash in hand	15,565	(3,185)	-	12,380
Cash at bank	960,647	(916,302)	-	44,445
	<u>976,212</u>	<u>(919,387)</u>	<u>-</u>	<u>56,825</u>
Finance lease	-	-	(195,155)	(195,155)
Total	<u>976,212</u>	<u>(919,387)</u>	<u>(195,155)</u>	<u>(138,330)</u>

13 Tangible fixed assets	Land and buildings £	Plant and equipment £	Total £
Cost			
At 1 January 2009	1,597,882	14,313,463	15,911,345
Additions	228,759	986,715	1,215,474
At 31 December 2009	<u>1,826,641</u>	<u>15,300,178</u>	<u>17,126,819</u>
Depreciation			
At 1 January 2009	669,353	11,470,839	12,140,192
Charge for the year	32,104	723,145	755,249
At 31 December 2009	<u>701,457</u>	<u>12,193,984</u>	<u>12,895,441</u>
Net book amount at			
31 December 2009	1,125,184	3,106,194	4,231,378
31 December 2008	<u>928,529</u>	<u>2,842,624</u>	<u>3,771,153</u>

	2009 £	2008 £
The net book amount of land and buildings comprises		
Freehold	1,067,848	869,973
Premium on lease	57,336	58,556
	<u>1,125,184</u>	<u>928,529</u>

Included within the net book value of £4,231,378 is £195,155 (2008 £nil) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £nil (2008 £nil).

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

14 Investments

(a) Subsidiary companies

Cost	£
At 1 January 2009	
- shares at cost	807,340
- capital contributions	221,444
	<u>1,028,784</u>
Disposals	(1,028,784)
At 31 December 2009	<u>-</u>
Amount provided	
At 1 January 2009	819,143
On disposals	(819,143)
At 31 December 2009	<u>-</u>
Net book amount at:	
31 December 2009	-
31 December 2008	<u>209,641</u>

During the year, the following companies, in which Leighs Paints was the majority shareholder, were struck-off or in the process of being struck-off at Companies House

H Davison & Sons
 MacCleaster Chemical Company (dissolved 8 December 2009)
 Firestore (dissolved 8 December 2009)
 Firestore Developments (dissolved 8 December 2009)

(b) Associated companies

	Shares at cost £	Loans £	Total £
Cost			
At 1 January 2009	382,875	889,784	1,272,659
Loans repaid	-	(30,442)	(30,442)
Disposals	(382,625)	(326,258)	(708,883)
At 31 December 2009	<u>250</u>	<u>533,084</u>	<u>533,334</u>
Amount provided			
At 1 January 2009	382,625	692,545	1,075,170
Release	-	(10,442)	(10,442)
On disposals	(382,625)	(326,258)	(708,883)
At 31 December 2009	<u>-</u>	<u>355,845</u>	<u>355,845</u>
Net book amount at:			
31 December 2009	250	177,239	177,489
31 December 2008	<u>250</u>	<u>197,239</u>	<u>197,489</u>

LEIGHS PAINTS**NOTES TO THE FINANCIAL STATEMENTS (Continued)****31 DECEMBER 2009****14 Investments (continued)****(b) Associated companies (continued)**

The above represents a 25% holding in Fabsec Limited, a company registered in England and Wales. The principal activity of this company is that of the development of long-span and cellular steel structures.

During the year, the following companies in which Leighs Paints had a holding of less than 50%, were dissolved at Companies House:

Jebel Ali Liquid Chemical Company Limited (registered in Jersey) – dissolved 20 January 2009
Hawk 2000 Limited (registered in England and Wales) – dissolved 8 December 2009

Prior to the Balance Sheet date, the directors had already assessed the recoverable amounts of their investments in these companies as £nil and had provided against the carrying value. As a result, there is no effect to the Profit and Loss account of the disposal of these companies.

	2009 £	2008 £
15 Stocks		
Raw materials and consumables	2,252,753	2,864,923
Work in progress	286,243	326,015
Finished goods and goods for resale	2,153,748	2,369,875
	<u>4,692,744</u>	<u>5,560,813</u>
	2009 £	2008 £
16 Debtors		
Trade debtors	5,087,502	8,627,730
Amounts owed by group undertaking	-	45,068
Other debtors (see below)	66,074	280,980
Prepayments and accrued income	479,361	449,776
Corporation tax recoverable	593,917	-
	<u>6,226,854</u>	<u>9,403,554</u>

Included within other debtors are loans to employees of £20,207 (31 December 2008 £25,766) which are subject to various rates of interest and repayment terms.

LEIGHS PAINTS**NOTES TO THE FINANCIAL STATEMENTS (Continued)****31 DECEMBER 2009**

	2009 £	2008 £
17 Creditors: amounts falling due within one year		
Trade creditors	2,619,186	4,249,197
Amounts owed to group undertakings	-	289,809
Finance lease liability (note 19)	36,343	-
Corporation tax	-	450,657
Other taxes and social security	278,178	647,565
Other creditors	66,955	60,607
Accruals	383,397	682,644
	<u>3,384,059</u>	<u>6,380,479</u>
18 Creditors: amounts falling due after more than one year	2009 £	2008 £
Finance lease liability (note 19)	<u>158,812</u>	<u>-</u>
19 Commitments under finance lease agreements	2009 £	2008 £
Amounts payable within 1 year	36,343	-
Amounts payable between 2 to 5 years	<u>158,212</u>	<u>-</u>
	<u>195,155</u>	<u>-</u>

20 Secured liabilities

Although there are positive cash reserves at the Balance Sheet date, the National Westminster Bank holds a debenture over the assets of the company

The finance lease liability totalling £195,155 is secured on the asset to which it relates

21 Operating lease commitments

At 31 December 2009, the company had annual commitments under non-cancellable operating leases as set out below

	2009		2008	
	Land & buildings £	Other £	Land & buildings £	Other £
Leases which terminate in one year or less	2,921	29,998	-	24,730
in more than one year but not more than five years	40,867	257,933	8,893	255,899
in more than five years	<u>-</u>	<u>8,320</u>	<u>-</u>	<u>8,320</u>

LEIGHS PAINTS**NOTES TO THE FINANCIAL STATEMENTS (Continued)****31 DECEMBER 2009**

22 Deferred taxation	2009	2008
	£	£
Deferred taxation		
Accelerated capital allowances – liability	224,062	301,935
Other timing differences – asset	(220,562)	(221,935)
	<u>3,500</u>	<u>80,000</u>
 Movement during the year		
At 1 January 2009 – liability	80,000	
Profit and loss account – credit	(76,500)	
	<u>3,500</u>	
At 31 December 2009 – liability	<u>3,500</u>	

23 Pension commitments

The company, operates and makes contributions to a defined benefit pension scheme which is now governed by a Consolidated Trust Deed dated 4 April 2006. It is approved by the Inland Revenue as an exempt approved scheme under the Income and Corporation Taxes Act 1988. The scheme is not contracted out of the State Second Pension (formerly known as the State Earnings Related Pension Scheme (SERPS)). The assets of the scheme are held separately from those of the company in a trustee administered fund.

The cost of contributions into the scheme in respect of the year ended 31 December 2009 were £366,632 (31 December 2008 £367,271). During the year employee contributions have been at the rate of 4.25% of employees salary on such part of that salary as does not exceed the NIC Upper Earnings Limit and 6% of the remainder of that salary. The rate of employers' contributions have been 5.33% and 7.33% of the above employees salary amounts respectively. The contribution rates have been agreed until February 2013.

Leighs Paints also makes contributions to both the group defined pension scheme and to an independently managed defined contribution scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge for the year was £187,385 (31 December 2008 £193,539). Included in the balance sheet at 31 December 2009 are outstanding contributions in respect of all the group pension schemes of £2,979 (31 December 2008 £9,416).

The company has fully adopted the requirements of Financial Reporting Standard 17 'Retirement Benefits' ("FRS 17"). Under this accounting standard the following disclosures are required

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

23 Pension commitments (continued)

A full actuarial valuation was carried out on 5 April 2008 and updated to 31 December 2009 by a qualified independent actuary. The major assumptions used by the actuary were

	At 31/12/09	At 31/12/08
Rate of compensation increase	5.80%	5.10%
Rate of increase in pensions in deferment	0.0%	0.0%
Rate of increase in pensions in payment		
- accrued pre 6 April 1997	0.0%	0.0%
- accrued post 6 April 1997 – 5 April 2006	3.80%	3.10%
- accrued post 6 April 2006	2.5%	2.5%
Discount rate	5.70%	5.85%
Inflation assumption	3.80%	3.10%

The amounts recognised in the profit and loss account are as follows

	2009 £	2008 £
Current service cost	119,632	113,271
Past service cost	150,000	484,000
Interest on obligations	1,170,000	1,149,000
Expected return on scheme assets	(1,515,000)	(2,044,000)
	<u>(75,368)</u>	<u>(297,729)</u>

Interest on obligations and expected return on scheme assets are included as net finance income within interest receivable and other similar income. Actuarial gains of £2,243,000 (2008: gains of £6,686,000) have been recognised on the statement of recognised gains and losses.

The amounts recognised in the balance sheet are as follows

	2009 £	2008 £
Present value of funded obligations	(22,590,000)	(20,233,000)
Fair value of scheme assets	29,815,000	24,773,000
	<u>7,225,000</u>	<u>4,540,000</u>
Deferred tax liability	(2,023,000)	(1,271,000)
Surplus in the scheme	<u>5,202,000</u>	<u>3,269,000</u>

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

23 Pension commitments (continued)

Changes in the present value of the defined benefit obligation are as follows

	2009 £	2008 £
Opening defined benefit obligation	20,233,000	21,030,000
Current service cost	120,000	113,000
Past service cost	150,000	484,000
Plan Participants' contributions	254,000	256,000
Interest cost	1,170,000	1,149,000
Actuarial losses (gains)	1,805,000	(1,683,000)
Benefits paid	(1,142,000)	(1,116,000)
Closing defined benefit obligation	<u>22,590,000</u>	<u>20,233,000</u>

Changes in fair value of scheme assets are as follows

	2009 £	2008 £
Opening fair value of scheme assets	24,773,000	31,590,000
Expected return	1,515,000	2,044,000
Actuarial gains (losses)	4,049,000	(8,369,000)
Employer contributions	366,000	368,000
Employee contributions	254,000	256,000
Benefits paid	(1,142,000)	(1,116,000)
Closing fair value of scheme assets	<u>29,815,000</u>	<u>24,773,000</u>

The fair value of the scheme's assets are made up as follows

	£	% of total	Expected rate of return
Cash	184,000	0.6	0.25%
Bonds	6,509,000	21.8	4.8%
Equities	23,122,000	77.6	7.3%
	<u>29,815,000</u>	<u>100.0</u>	

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

23 Pension commitments (continued)

Amounts for the current and previous four periods are as follows

	2009 £000's	2008 £000's	2007 £000's	2006 £000's	2005 £000's
Defined benefit obligation	(22,590)	(20,233)	(21,030)	(21,781)	(22,072)
Fair value of scheme assets	29,815	24,773	31,590	30,391	28,700
	<u>7,225</u>	<u>4,540</u>	<u>10,560</u>	<u>8,610</u>	<u>6,628</u>
Deferred tax liability	(2,023)	(1,271)	(3,168)	(2,583)	(1,988)
	<u>5,202</u>	<u>3,269</u>	<u>7,392</u>	<u>6,027</u>	<u>4,640</u>
Surplus in the scheme					
Experience adjustments on scheme liabilities	-	-	302	-	-
Experience adjustments on scheme assets	4,049	(8,274)	(360)	428	2,922

Historic figures for 2007, 2006, 2005 and 2004 have not been restated and use mid-market values of assets

24 Share capital	Number of shares issued		Allotted, called up and fully paid	
	2009 No	2008 No	2009 £	2008 £
10% First preference shares of £1	62,500	62,500	625	625
6% Second preference shares of £1	84,450	84,450	84,450	84,450
10% Third preference shares of 5p	84,450	84,450	4,222	4,222
New ordinary shares of 5p	84,450	84,450	4,223	4,223
			<u>93,520</u>	<u>93,520</u>

Rights attaining to share capital

(1) 10% First Preference shares

These shares carry full voting rights and on a winding-up, surplus assets are to be distributed to an amount equal to the capital paid up in priority to all other classes of shares in issue. Dividends to be paid on these shares from distributable profits must be from profits only of that year.

(2) 6% Second Preference shares

These shares carry no voting rights except upon a resolution for modifying rights currently attached to them. On a winding-up surplus assets are to be distributed to an amount equal to the capital paid up after distribution to First Preference shareholders but in priority to Third Preference shareholders and Ordinary shareholders. Dividends to be paid on these shares from distributable profits must be from profits only of that year after paying dividends to First Preference shareholders but in priority to Third Preference and Ordinary shares.

LEIGHS PAINTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

24 Share capital (continued)

(3) 10% Third Preference shares

These shares carry no voting rights except upon a resolution for modifying rights currently attached to them. On a winding-up surplus assets are to be distributed to an amount equal to the capital paid up after distribution to First and Second Preference shareholders but in priority to Ordinary shareholders. Dividends to be paid on these shares from distributable profits must be from profits only of that year after paying dividends to First and Second Preference shareholders but in priority to Ordinary shares.

(4) Ordinary shares

These shares carry no voting rights except upon a resolution for modifying rights currently attached to them. On a winding-up surplus assets are to be distributed, only after repayment of the capital paid up on the First, Second and Third Preference shares, to the Ordinary shareholders in proportion to the capital paid up. Dividends to be paid on these shares from distributable profits must be from profits only of that year after paying dividends to First, Second and Third Preference shareholders.

If a dividend paid on any class of share remains unclaimed from twelve years from the payable date it shall be forfeited and cease to remain owing by the company. The directors may retain any dividend payable in respect of a share on which there is a liability and on which the company has a lien.

25 Reserves

	Capital redemption reserve £	Share premium account £	Profit and loss account £	Total £
At 1 January 2009	43,230	117,713	16,672,920	16,833,863
Loss for the financial year	-	-	(845,912)	(845,912)
Dividends	-	-	(655,552)	(655,552)
Actuarial valuation gain on defined benefit pension scheme asset (net of deferred tax)	-	-	1,615,000	1,615,000
At 31 December 2009	<u>43,230</u>	<u>117,713</u>	<u>16,786,456</u>	<u>16,947,399</u>
			2009 £	2008 £
Profit and loss reserve (excluding pension reserve)			11,584,456	13,403,920
Pension reserve			<u>5,202,000</u>	<u>3,269,000</u>
Profit and loss reserve			<u>16,786,456</u>	<u>16,672,920</u>

LEIGHS PAINTS**NOTES TO THE FINANCIAL STATEMENTS (Continued)****31 DECEMBER 2009**

	2009 £	2008 £
26 Reconciliation in movements in shareholders' funds		
(Loss) profit for the financial year	(845,912)	2,405,110
Dividends	(655,552)	(353,997)
Actuarial valuation gains (losses) on defined benefit pension scheme assets (net of deferred tax charges)	1,615,000	(4,579,000)
	<hr/>	<hr/>
Net addition to (depletion in) shareholders' funds	113,536	(2,527,887)
Opening shareholders' funds	16,927,383	19,455,270
	<hr/>	<hr/>
Closing shareholders' funds	17,040,919	16,927,383
	<hr/>	<hr/>
Equity interests	16,951,622	16,838,086
Non-equity interests	89,297	89,297
	<hr/>	<hr/>
	17,040,919	16,927,383
	<hr/>	<hr/>

27 Contingent liabilities

The company is party to a composite guarantee under which each group company has guaranteed the bank borrowings of any other group company. At the balance sheet date, group borrowings in aggregate were £nil (2008 nil).

The bank have issued performance bonds to cover contractual guarantees relating to a number of the company's sales contracts. These facilities are secured by a charge over certain bank balances. The value of bank balances secured at 31 December 2009 is £76,105 (31 December 2008 £115,136).

	2009 £	2008 £
28 Capital commitments		
Capital expenditure contracted but not provided for in the accounts	84,338	147,045
	<hr/>	<hr/>

LEIGHS PAINTS**NOTES TO THE FINANCIAL STATEMENTS (Continued)****31 DECEMBER 2009****29 Transactions with related parties**

In the normal course of business the company entered into transactions with other business enterprises that fall within the definition of related parties contained in Financial Reporting Standard Number 8. These companies are related through common control. The directors believe that the terms of such transactions are not significantly different from those that could have been obtained from independent enterprises. Such comprise

Enterprise	Nature of transaction	Transactions value		Balances	
		Year ended 31 December 2009 £	Year ended 31 December 2008 £	2009 £	2008 £
Leigh Brothers	Purchases	7,500	53,121	-	-
	Sales	200,127	136,425	-	24,162

As a result of the dissolution of the various companies detailed in note 14, the company wrote off various debit and credit balances owed to/by these companies. The net effect of the accounting entries relating to the dissolutions is net income of £69,418.

30 Directors' benefits Advances, credit and guarantees

During the year, the company invoiced Mrs H R Leigh-Bramwell and Mr B H Leigh-Bramwell the sums of £6,159 (2008 £1,200) and £3,377 (2008 £1,911) respectively. At the balance sheet date £869 and £702 were owed respectively by these two directors.

No other amounts were invoiced to any other director.

31 Ultimate parent company

Leighs Paints is a wholly owned subsidiary of W & J Leigh & Co Limited which is the ultimate parent company.

The directors consider that there is no one controlling party of W & J Leigh & Co Limited.