

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**REPORT AND ACCOUNTS**

**31 DECEMBER 2004**

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**Company Registration Number 893081**

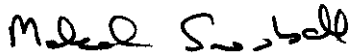


**LEIGH'S PAINTS****NOTICE OF MEETING**

Notice is hereby given that the thirty-ninth Annual General Meeting of the company will be held at Tower Works, Kestor Street, Bolton, BL2 2AL, on 25 April 2005 for the purpose of transacting the following business:

- 1 To receive the Directors' reports and the audited accounts for the year ended 31 December 2004.
- 2 To declare dividends.
- 3 To re-elect as directors Mrs H R Leigh-Bramwell and Mr M Snowball who retire by rotation.
- 4 To re-appoint Wheawill & Sudworth as auditors and to authorise the directors to fix their remuneration.
- 5 To transact any other ordinary business.

By order of the board



M SNOWBALL

Secretary

25 April 2005

**LEIGH'S PAINTS****COMPANY INFORMATION****Directors**

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

**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  
BL 1BN

**LEIGH'S PAINTS****DIRECTORS' REPORT****31 DECEMBER 2004**

The directors present their report and accounts for the year ended 31 December 2004.

**Directors**

The directors who served during the year were:

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

**Directors' responsibilities for preparing the accounts**

Company law requires the directors to prepare accounts for each financial period 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 period. In preparing those accounts, the directors are required to

- ~ select suitable accounting policies and then apply them consistently;
- ~ make judgments and estimates that are reasonable and prudent;
- ~ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ~ prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**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.

**Activities and business review**

The company's principal activity during the year was that of paint manufacturing.

The directors consider the state of the group's affairs to be satisfactory.

The directors continue to examine opportunities for further development of the business and its efficiencies.

**LEIGH'S PAINTS****DIRECTORS' REPORT** (continued)**31 DECEMBER 2004****Results and dividends**

The group profit for the year, after taxation, amounted to £53,498. After proposed dividends of £13,997 and an interim dividend already paid during the year of £2,412,140, the amount deducted from reserves for the year is £2,372,639.

**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 2004; 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.

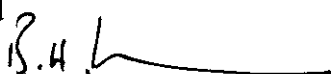
**Political and charitable contributions**

The group made charitable contributions totalling £1,780 and political contributions to the Conservative Party of £4,000.

**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

25 April 2005

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **LEIGH'S PAINTS**

We have audited the accounts of Leigh's Paints for the year ended 31 December 2004 which are set out on pages 6 to 20. The accounts have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 directors and auditors**

As described on page 3 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 transactions with the company 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

#### **Qualified opinion arising from omission of Retirements Benefits information**

As explained in Note 26, the accounts do not disclose certain Retirement Benefits disclosure information as required by Financial Reporting Standard FRS17.

Except for the failure to provide certain information about retirement benefits, in our opinion the accounts give a true and fair view of the state of affairs of the company and the group as at 31 December 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Wheawill & Sudworth*

WHEAWILL & SUDWORTH

Registered Auditors  
Chartered Accountants

35 Westgate  
Huddersfield  
HD1 1PA  
25 April 2005

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**GROUP PROFIT AND LOSS ACCOUNT**

**31 DECEMBER 2004**

		Year ended 31 December 2004 £	Period ended 31 December 2003 £
Notes			
	<b>Turnover</b>	26,884,178	-
	Royalties receivable	100,293	-
	Change in stocks of finished goods and in work in progress	(112,721)	-
		<u>26,871,750</u>	-
	Raw materials and consumables	(13,121,034)	-
	Staff costs	(6,905,865)	-
	Depreciation	(731,105)	-
	Other operating charges	(5,909,189)	-
2	<b>Group operating profit</b>	<u>204,557</u>	-
3	Exceptional items	1,693	-
		<u>206,250</u>	-
	Share of operating loss in associates	(181,426)	-
4	Interest receivable and similar income	19,338	-
5	Interest payable and similar charges	(13,999)	-
		<u>30,163</u>	-
	<b>Profit on ordinary activities before taxation</b>		-
6	Taxation on profit on ordinary activities	23,335	-
7	<b>Profit for the financial year/period</b>	<u>53,498</u>	-
	Retained profit brought forward	11,497,950	11,497,950
		<u>11,551,448</u>	<u>11,497,950</u>
8	Dividends	(2,426,137)	-
	<b>Retained profit carried forward</b>	<u><u>9,125,311</u></u>	<u><u>11,497,950</u></u>

Total recognised gains and losses

The profit for the financial year is the total of all recognised gains and losses for the year.

None of the group's activities were acquired or discontinued during the above two financial periods.

The notes on pages 10 to 20 form part of these accounts.

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**GROUP CASH FLOW STATEMENT**

for the year ended

**31 DECEMBER 2004**

Notes	Year ended 31 December 2004 £	Period ended 31 December 2003 £
9	Net cash outflow from operating activities	(356,031)
9	Returns on investments and servicing of finance	(213)
	Taxation	231,893
9	Capital expenditure and financial investment	(107,644)
9	Acquisitions and disposals	(119,413)
	Equity dividend paid	(351,408)
		(2,420,585)
	Net cash outflow before management of liquid resources	(2,771,993)
9	Management of liquid resources	850,000
10	<b>Decrease in cash in the year/period</b>	<b>(1,921,993)</b>
<b>Reconciliation of net cash outflow to movement in net (debt) funds</b>		
	Decrease in cash in the year/period	(1,921,993)
	Cash inflow from decrease in liquid resources	(850,000)
	Change in net (debt) resulting from cash flows	(2,771,993)
	Movement in net (debt) in the year/period	(2,771,993)
	Net funds at 1 January 2004	1,641,750
	Net (debt)/funds at 31 December 2004	(1,130,243)

The notes on pages 10 to 20 form part of these accounts.



**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**GROUP BALANCE SHEET**

**31 DECEMBER 2004**

Notes		31 December 2004 £	31 December 2003 £
	<b>Fixed assets</b>		
11	Tangible assets	3,191,047	3,890,556
13	Investments - Associated companies	76,063	134,989
		<u>3,267,110</u>	<u>4,025,545</u>
	<b>Current assets</b>		
14	Stocks	3,488,249	3,416,630
15	Debtors	8,740,444	6,421,018
	Cash at bank and in hand	20,588	1,641,750
		<u>12,249,281</u>	<u>11,479,398</u>
16	<b>Creditors:</b> amounts becoming due and payable within one year	<u>(6,136,617)</u>	<u>(3,752,530)</u>
	<b>Net current assets</b>	<u>6,112,664</u>	<u>7,726,868</u>
	<b>Net assets</b>	<u>9,379,774</u>	<u>11,752,413</u>
	<b>Capital and reserves</b>		
20	Called up share capital	93,520	93,520
21	Capital redemption reserve	43,230	43,230
22	Share premium account	117,713	117,713
	Profit and loss account	9,125,311	11,497,950
23	<b>Shareholders' funds</b>	<u>9,379,774</u>	<u>11,752,413</u>

The accounts on pages 6 to 20 were approved by the board of directors on 25 April 2005 and signed on its behalf by

*B.H. L.*  
*M. Snowball*

B H LEIGH-BRAMWELL )  
M SNOWBALL ) Directors

The notes on pages 10 to 20 form part of these accounts.

## LEIGH'S PAINTS

## COMPANY BALANCE SHEET

31 DECEMBER 2004

Notes		31 December 2004 £	December 2003 £
	<b>Fixed assets</b>		
11	Tangible assets	3,191,047	3,890,556
	Investments:		
12	Group companies	209,641	209,641
13	Associated companies	257,489	134,989
		<u>3,658,177</u>	<u>4,235,186</u>
	<b>Current assets</b>		
14	Stocks	3,488,249	3,416,630
15	Debtors	8,784,131	6,464,720
	Cash at bank and in hand	20,588	1,617,249
		<u>12,292,968</u>	<u>11,498,599</u>
16	<b>Creditors:</b> amounts becoming due and payable within one year	<u>(6,450,500)</u>	<u>(4,041,927)</u>
	<b>Net current assets</b>	<u>5,842,468</u>	<u>7,456,672</u>
	<b>Net assets</b>	<u>9,500,645</u>	<u>11,691,858</u>
	<b>Capital and reserves</b>		
20	Called up share capital	93,520	93,520
21	Capital redemption reserve	43,230	43,230
22	Share premium account	117,713	117,713
	Profit and loss account	9,246,182	11,437,395
23	<b>Shareholders' funds</b>	<u>9,500,645</u>	<u>11,691,858</u>

The accounts on pages 6 to 20 were approved by the board of directors on 25 April 2005 and signed on its behalf by

B.H.L.  
M. Snowball

B H LEIGH-BRAMWELL )  
M SNOWBALL ) Directors

The notes on pages 10 to 20 form part of these accounts.

# LEIGH'S PAINTS AND ITS SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS

31 DECEMBER 2004

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are judged material in relation to the group's accounts.

#### Basis of preparation of accounts

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The trading activity in two of the group's subsidiary undertakings, Firestore and Firestore Developments, ceased in March 2000. The trading activity in one of the group's associated companies, Hawk 2000 Limited, ceased in March 2001. The assets of these companies have been recognised at their estimated recoverable value.

#### Basis of consolidation

The group accounts incorporate the audited accounts of Leigh's Paints and its subsidiary undertakings made up to the 31 December.

#### Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and associated companies is written off over its anticipated useful economic life.

#### Tangible fixed assets

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.

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

#### Research and development

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

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE ACCOUNTS (Continued)**

**31 DECEMBER 2004**

**1 Accounting policies (continued)**

**Deferred taxation**

Provision is made on the liability 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.

**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.

**Pension costs**

Contributions to both the group defined benefit pension scheme and the defined contribution pension scheme operated by Leigh's Paints along with the defined contribution pension scheme operated independent of the group are charged to the profit and loss account as they become payable.

<b>2 Operating profit</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
a) This is stated after charging:		
Directors' emoluments (see below)	417,679	-
Auditors' remuneration in respect of:		
Audit services	23,700	-
Other services	22,514	-
Loss on disposal of tangible fixed assets	76,048	-
Operating lease rentals for:		
Land and buildings	95,596	-
Plant and equipment	141,703	-
	<u>417,679</u>	<u>-</u>
b) Directors' emoluments:		
Aggregate emoluments	364,494	-
Company pension contributions to a defined benefit scheme	14,967	-
Company pension contributions to money purchase schemes	38,218	-
	<u>417,679</u>	<u>-</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	136,237	-
Company pension contributions to money purchase schemes	15,291	-
Defined benefit pension scheme:		
Company pension contributions to a defined benefit scheme	6,505	-
Accrued pension at end of year	57,839	-
	<u>136,237</u>	<u>-</u>

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE ACCOUNTS (Continued)**

**31 DECEMBER 2004**

**2 Operating profit (continued)**

	2004 Number	2003 Number
c) Particulars of staff:		
The average weekly number of persons employed during the period, including directors, was	248	293
	<u>          </u>	<u>          </u>
Staff costs:	£	£
Wages and salaries	5,913,914	-
Social security costs	595,360	-
Other pension costs	396,591	-
	<u>          </u>	<u>          </u>
	6,905,865	-
	<u>          </u>	<u>          </u>

**3 Exceptional items**

Provision against debts due from associated company	(1,394)	-
Profit on disposal of investment in former associated company	3,087	-
	<u>          </u>	<u>          </u>
	1,693	-
	<u>          </u>	<u>          </u>

**4 Interest receivable and similar income**

Interest on bank deposits	7,764	-
Loan interest	1,441	-
Other interest	10,133	-
	<u>          </u>	<u>          </u>
	19,338	-
	<u>          </u>	<u>          </u>

**5 Interest payable and similar charges**

Bank overdraft	201	-
Loan interest	13,798	-
	<u>          </u>	<u>          </u>
	13,999	-
	<u>          </u>	<u>          </u>

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE ACCOUNTS (Continued)**

**31 DECEMBER 2004**

<b>6</b>	<b>Taxation on profit on ordinary Activities</b>	<b>2004 £</b>	<b>2003 £</b>
(a)	Analysis of charge for the year/period		
	Current tax: (note (b))		
	UK Corporation tax on profit of the year/period	3,665	-
	Deferred tax:		
	Origination and reversal of timing differences	(27,000)	-
	Taxation on profit on ordinary activities	<u>(23,335)</u>	<u>-</u>
(b)	Factors affecting the charge for the year/period		
	The tax assessed for the year/period is lower than the standard rate of corporation tax in the UK (30%).		
	The differences are explained below:		
		<b>2004 £</b>	<b>2003 £</b>
	Profit on ordinary activities before taxation	<u>30,163</u>	<u>-</u>
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 30%)	9,049	-
	Effects of:		
	Expenses not deductible for tax purposes	17,305	-
	Increase in provisions not deductible for tax purposes	17,739	-
	Depreciation charge for the year/period in excess of capital allowances	3,266	(2,091)
	Share of associate company losses for the year not relievable for tax	54,428	-
	Tax allowances upon research and development expenditure	(64,842)	-
	Taxation losses generated in the year and carried forward	-	2,091
	Utilisation of capital losses brought forward	(926)	-
	Utilisation of trading losses brought forward	(30,233)	-
	Tax on profits charged at a lower rate than the standard rate	(2,121)	-
	Current tax charge for year/period (note (a))	<u>3,665</u>	<u>-</u>

At 31 December 2004 the company has unrelieved trading losses of £2,367,286 (31 December 2003 £2,468,062) and capital losses of £892,112 (31 December 2003 £895,199).

**7 Profit and loss account**

As permitted by Section 230 Companies Act 1985, the company has not presented its own profit and loss account.

The amount of consolidated profit for the financial year/period dealt with in the financial statements of Leigh's Paints was profit £234,924 (31 December 2003 profit £nil).

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE ACCOUNTS (Continued)**

**31 DECEMBER 2004**

<b>8 Dividends</b>	<b>2004 £</b>	<b>2003 £</b>
Non-equity shares:		
Preference - proposed	5,552	-
Equity shares:		
Ordinary:		
Interim - paid	2,412,140	-
Final - proposed	8,445	-
	<u>2,426,137</u>	<u>-</u>
<b>9 Notes to the cash flow statement</b>		
<b>(a) Reconciliation of operating profit to net cash outflow from operating activities</b>		
Operating profit	204,557	-
Depreciation	731,105	-
Loss on disposal of tangible fixed assets	76,048	-
(Increase) decrease in stocks	(71,619)	-
(Increase) decrease in debtors	(2,525,713)	-
Increase in creditors	1,229,591	-
	<u>(356,031)</u>	<u>-</u>
<b>(b) Returns on investments and servicing of finance</b>		
Interest received	19,338	-
Interest paid	(13,999)	-
Preference dividend paid	(5,552)	-
	<u>(213)</u>	<u>-</u>
<b>(c) Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(405,920)	-
Receipts from sales of tangible fixed assets	298,276	-
	<u>(107,644)</u>	<u>-</u>
<b>(d) Acquisitions and disposals</b>		
Payment to provide loans to associated company	(122,500)	-
Receipts from disposal of investment in former associated company	3,087	-
	<u>(119,413)</u>	<u>-</u>
<b>(e) Management of liquid resources</b>		
Cash transferred from short term deposit	850,000	-
	<u>850,000</u>	<u>-</u>

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE ACCOUNTS (continued)**

**31 DECEMBER 2004**

**10 Analysis of net funds and movement during the year**

	At 1 January 2004 £	Cash flow £	At 31 December 2004 £
Cash			
Cash in hand and at bank	791,750	(771,162)	20,588
Bank overdrafts	-	(1,150,831)	(1,150,831)
	<u>791,750</u>	<u>(1,921,993)</u>	<u>(1,130,243)</u>
Liquid resources			
Short term deposit	850,000	(850,000)	-
Total	<u>1,641,750</u>	<u>(2,771,993)</u>	<u>(1,130,243)</u>

**11 Tangible fixed assets – Group and Company**

	Land and buildings £	Plant and equipment £	Total £
Cost:			
At 1 January 2004	1,555,567	11,722,656	13,278,223
Additions	13,620	392,300	405,920
Disposals	-	(649,687)	(649,687)
At 31 December 2004	<u>1,569,187</u>	<u>11,465,269</u>	<u>13,034,456</u>
Depreciation			
At 1 January 2004	531,645	8,856,022	9,387,667
Charge for the year	29,867	701,238	731,105
Disposals	-	(275,363)	(275,363)
At 31 December 2004	<u>561,512</u>	<u>9,281,897</u>	<u>9,843,409</u>
Net book amount at:			
31 December 2004	1,007,675	2,183,372	3,191,047
31 December 2003	<u>1,023,922</u>	<u>2,866,634</u>	<u>3,890,556</u>

	2004 £	2003 £
The net book amount of land and buildings comprises:		
Freehold	882,023	897,050
Premium on lease	125,652	126,872
	<u>1,007,675</u>	<u>1,023,922</u>



**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE ACCOUNTS (Continued)**

**31 DECEMBER 2004**

<b>12 Investments - Group companies</b>	<b>2004</b>	<b>2003</b>
At 1 January 2004	£	£
Shares at cost	807,340	807,340
Capital contributions	221,444	221,444
At 31 December 2004	<u>1,028,784</u>	<u>1,028,784</u>
Amount provided		
At 1 January 2004 and 31 December 2004	<u>819,143</u>	<u>819,143</u>
Net book amount at		
1 January 2004 and 31 December 2004	<u>209,641</u>	<u>209,641</u>

The company holds 100% of the issued share capital of the companies listed below:  
H Davison & Sons (non-trading)  
MacCleaster Chemical Company (non-trading)  
Firestore (non-trading)  
Firestore Developments (non-trading)

Country of  
registration  
England  
England  
England  
England

<b>13 Investments – Associated companies</b>	<b>2004</b>	<b>2003</b>
	£	£
Group		
Share of associated companies net assets at 1 January 2004	134,989	134,989
Additions	122,500	-
Share of post acquisition losses	(181,426)	-
Share of associated companies net assets at 31 December 2004	<u>76,063</u>	<u>134,989</u>

<b>Company</b>	<b>Shares at cost £</b>	<b>Loans £</b>	<b>Total £</b>
At 1 January 2004	382,875	827,284	1,210,159
Additions	-	122,500	122,500
At 31 December 2004	<u>382,875</u>	<u>949,784</u>	<u>1,332,659</u>
Amount provided			
At 1 January 2004 and 31 December 2004	<u>382,625</u>	<u>692,545</u>	<u>1,075,170</u>
Net book amount at:			
31 December 2004	250	257,239	257,489
31 December 2003	250	134,739	134,989

Details of the company's associate companies are as follows:

<b>Name</b>	<b>Nature of business</b>	<b>Shareholding</b>	<b>Country of registration</b>
Jebel Ali Liquid Chemical Company Limited	Non-trading	24.99%	Jersey
Fabsec Limited	Development of long span and cellular steel solutions	25.0%	England
Hawk 2000 Limited	Non-trading	48.9%	England

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE ACCOUNTS (Continued)**

**31 DECEMBER 2004**

14	<b>Stocks</b>	Group		Company	
		2004 £	2003 £	2004 £	2003 £
	Raw materials and consumables	1,541,225	1,356,885	1,541,225	1,356,885
	Work in progress	282,084	327,510	282,084	327,510
	Finished goods and goods for resale	1,664,940	1,732,235	1,664,940	1,732,235
		<u>3,488,249</u>	<u>3,416,630</u>	<u>3,488,249</u>	<u>3,416,630</u>
15	<b>Debtors</b>				
	Trade debtors	7,742,785	5,312,492	7,742,785	5,312,492
	Amounts owed by group undertaking	-	-	45,133	45,149
	Value added tax	6	6	-	-
	Corporation tax	40,857	272,750	40,857	272,750
	Other debtors (see below)	50,382	75,075	50,382	75,075
	Deferred tax asset (note 19)	550,000	523,000	550,000	523,000
	Prepayments and accrued income	356,414	237,695	354,974	236,254
		<u>8,740,444</u>	<u>6,421,018</u>	<u>8,784,131</u>	<u>6,464,720</u>

Included within other debtors are loans to employees of Group £32,886, Company £32,886 (31 December 2003 Group £51,381, Company £51,381) which are subject to various rates of interest and repayment terms.

The majority of the deferred tax asset is expected to be recoverable after more than one year.

16	<b>Creditors: amounts becoming due and payable within one year</b>	Group		Company	
		2004 £	2003 £	2004 £	2003 £
	Bank overdrafts	1,150,831	-	1,175,267	-
	Trade creditors	4,003,708	2,485,683	4,003,708	2,485,683
	Provision for contingencies	50,000	50,000	50,000	50,000
	Amounts owed to group undertaking	-	-	289,744	289,694
	Corporation tax	3,665	-	3,665	-
	Other taxes and social security	351,850	461,099	351,850	461,099
	Other creditors	67,219	12,019	66,922	11,722
	Accruals	495,347	729,732	495,347	729,732
	Proposed dividends	13,997	13,997	13,997	13,997
		<u>6,136,617</u>	<u>3,752,530</u>	<u>6,450,500</u>	<u>4,041,927</u>

**17 Secured indebtedness**

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 2004 is group and company £156,940 (31 December 2003 £nil).

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE ACCOUNTS (Continued)**

**31 DECEMBER 2004**

**18 Operating lease commitments**

Group and company			
Rentals payable in the year to 31 December 2005 under non-cancellable operating leases:		Land and buildings £	Equipment £
Leases which terminate			
in one year or less		97,579	17,657
in more than one but not more than five years		8,610	174,001
		<u>          </u>	<u>          </u>

**19 Deferred taxation**

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Deferred taxation asset				
Accelerated capital allowances	(198,000)	(201,000)	(198,000)	(201,000)
Other timing differences	39,000	22,000	39,000	22,000
Tax losses carried forward	709,000	702,000	709,000	702,000
	<u>550,000</u>	<u>523,000</u>	<u>550,000</u>	<u>523,000</u>
Movement during the year				
At 1 January 2004	523,000			
Profit and loss account - credit	27,000			
At 31 December 2004	<u>550,000</u>			

**20 Share capital**

	Authorised		Allotted, called up and fully paid	
	2004	2003	2004	2003
	Number	Number	£	£
10% First preference shares of £1	625	625	625	625
6% Second preference shares of £1	123,750	123,750	84,450	84,450
10% Third preference shares of 5p	123,750	123,750	4,222	4,222
New ordinary shares of 5p	123,750	123,750	4,223	4,223
	<u>371,875</u>	<u>371,875</u>	<u>93,520</u>	<u>93,520</u>

- (a) The preference shares convey a preferential right to a fixed annual dividend in priority to any dividends payable to the ordinary shareholders.
- (b) Upon a return of assets, the net assets of the company shall be applied firstly in repaying the paid up share capital together with any dividend arrears of the preference shares, and secondly the paid up share capital of the ordinary shares.
- (c) The preference shares convey no voting rights except for upon a resolution to vary or to modify the rights of the preference shares.

**21 Capital redemption reserve**

	2004	2003
	£	£
An amount equal to the nominal value of own shares purchased has been credited to this account	<u>43,230</u>	<u>43,230</u>

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE ACCOUNTS (Continued)**

**31 DECEMBER 2004**

<b>22 Share premium account</b>	2004 £	2003 £
At 1 January 2004 and 31 December 2004	<u>117,713</u>	<u>117,713</u>

	Group		Company	
<b>23 Reconciliation in movements in Shareholders' funds</b>	2004 £	2003 £	2004 £	2003 £
Profit for the financial year/period	53,498	-	234,924	-
Dividends	(2,426,137)	-	(2,426,137)	-
Net reduction to shareholders' funds	<u>(2,372,639)</u>	<u>-</u>	<u>(2,191,213)</u>	<u>-</u>
Opening shareholders' funds	11,752,413	11,752,413	11,691,858	11,691,858
Closing shareholders' funds	<u>9,379,774</u>	<u>11,752,413</u>	<u>9,500,645</u>	<u>11,691,858</u>
Equity interests	9,290,447	11,663,116	9,411,348	11,602,561
Non-equity interests	89,297	89,297	89,297	89,297
	<u>9,379,774</u>	<u>11,752,413</u>	<u>9,500,645</u>	<u>11,691,858</u>

**24 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.

**25 Capital commitments**

Capital expenditure contracted but not provided for in the accounts	<u>21,407</u>	<u>14,833</u>	<u>21,407</u>	<u>14,833</u>
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**26 Pension commitments**

**(a) Defined benefit scheme**

The company operates and makes contributions to the group defined benefit pension scheme. The assets of the scheme are held separately from those of the company in a trustee administered fund. The pension cost for the year was company £264,617 (31 December 2003 £nil) and group £264,617 (31 December 2003 £nil). The directors do not consider it appropriate to disclose the information required by Financial Reporting Standard FRS 17 (retirement benefits) in view of the costs involved.

**LEIGH'S PAINTS  
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE ACCOUNTS (Continued)**

**31 DECEMBER 2004**

**26 Pension commitments (continued)**

**(b) Defined contribution schemes**

The company also makes contributions to both the group defined contribution 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 company £131,974 (31 December 2003 £nil) and group £131,974 (31 December 2003 £nil).

- (c)** Included in the balance sheet at 31 December 2004 are outstanding contributions in respect of all the pension schemes of company £66,009 (31 December 2003 £8,271) and group £66,009 (31 December 2003 £8,271).

**27 Transactions with related parties**

In the normal course of business the group/company entered into transactions with other business enterprises that fall within the definition of related parties contained in Financial Reporting Standard Number 8. The company believes 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 year/period to 31 December		Balances 31 December	
		2004 £	2003 £	2004 £	2003 £
Knowsley Estate & Trading Co.	Provision of facilities	23,154	-	23,154	113,544
Leigh Brothers	Purchases	113,466	-	-	-
	Sales	7,165	-	4,464	4,986
Hawk 2000 Limited	Sales	-	-	37,914	37,914
	Purchases	-	-	19,298	19,298
	Loan provided	-	-	15,000	15,000
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**28 Ultimate parent company**

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