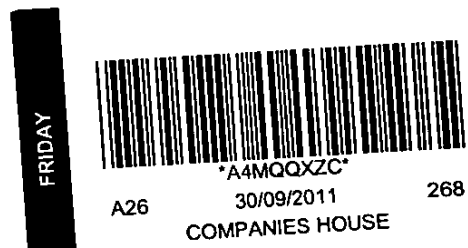




**A & B High Limited**  
**Annual Report**  
**Year Ended 31 December 2010**

**Company Registration Number 00912830**



# A & B High Limited

## Financial Statements

Year Ended 31 December 2010

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# **A & B High Limited**

## **The Directors' Report**

**Year Ended 31 December 2010**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2010

### **Principal Activities and Business Review**

The principal activities of the company during the year were those of the retailing of sawn timber and fencing units together with associated products and building materials

2010 has been an interesting year, as the country has looked to move out of recession. Consumer confidence has remained cautious during the year with both the consumers and the construction industry continuing to operate a low risk policy.

On 1 January the business trading as Payne Timber Solutions Limited was brought in to the company, which has increased the turnover and costs but, going forward, will have the effect of reducing the administration burden that was being charged across 2 companies. Despite the uncertain conditions the directors are pleased to report that the company has responded well to the previous year's disappointing results and although turnover has reduced, margins have been increased due to a change in sales mix.

During the year costs have continued to be monitored and all areas have continued to be scrutinised to ensure that the company is receiving appropriate value.

The company's balance sheet continues to hold significant reserves. However, cash flow once again this year has required close monitoring. The company has looked to reduce the debt owing from its related companies, which has enabled the company to reduce overall debt and assist cash flow.

The directors believe that the company is well placed as they have weathered what is believed to be the worst recession to hit the country in the last 20 years. The directors believe they are well positioned to take advantage of the opportunities as the industry recovers.

### **Results and Dividends**

The loss for the year, after taxation, amounted to £9,759. Particulars of dividends paid are detailed in note 9 to the financial statements.

### **Financial Risk Management Objectives and Policies**

The company uses an interest rate swap to hedge their exposure. This is explained in greater detail in note 20.

### **Directors**

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

Mrs E A High  
Mr A A High

## A & B High Limited

The Directors' Report (*continued*)

Year Ended 31 December 2010

### Auditor

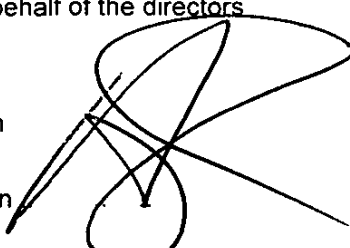
Francis Clark LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed on behalf of the directors

Mr A A High  
Director

Approved on

20/7/11



## **A & B High Limited**

### **Statement of Directors' Responsibilities**

**Year Ended 31 December 2010**

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## **A & B High Limited**

### **Independent Auditor's Report to the Shareholders of A & B High Limited**

**Year Ended 31 December 2010**

We have audited the financial statements of A & B High Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes. 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 shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of Directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 and express an opinion on 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 directors, and the overall presentation of the financial statements.

#### **Qualified opinion arising from limitation of scope in respect of stock quantities**

##### **Basis for qualified opinion on Financial Statements**

With respect to the opening stock for the period ended 31 December 2009 having a carrying amount of £523,646 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 30 November 2008. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures. Any amendment to the opening stock in the prior period that might have been necessary had we been able to obtain sufficient appropriate audit evidence would have an impact on the profit for the year ended 31 December 2009.

## **A & B High Limited**

Independent Auditor's Report to the Shareholders of A & B High Limited *(continued)*

Year Ended 31 December 2010

### **Qualified Opinion Arising From a Limitation in Audit Scope**

Except for the possible effects of the matters referred to in the Basis for Qualified Opinion paragraph, in our opinion the financial statements

- give a true and fair view of the company's profit for the period ended 31 December 2009

In our opinion the financial statements

- give a true and fair view of the company's profit for the period ended 31 December 2010
- give a true and fair view of the state of the company's affairs as at 31 December 2010
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on Other Matters 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**

In respect solely of the limitation on our work relating to opening stock for the year ended 31 December 2009, described above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records had been kept

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

- 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



CHARLES EVANS (Senior Statutory Auditor)  
For and on behalf of  
FRANCIS CLARK LLP  
Chartered Accountants & Statutory Auditor

North Quay House  
Sutton Harbour  
PLYMOUTH  
PL4 0RA

29/9/11

# A & B High Limited

## Profit and Loss Account

Year Ended 31 December 2010

	Note	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
<b>Turnover</b>			
Continuing operations		2,037,987	2,582,479
Acquisitions		2,205,506	–
		<u>4,243,493</u>	<u>2,582,479</u>
Cost of sales	2	(3,046,720)	(2,006,994)
<b>Gross Profit</b>		<u>1,196,773</u>	<u>575,485</u>
Net operating expenses	2	<u>945,562</u>	<u>656,930</u>
<b>Operating Profit/(Loss):</b>	3		
Continuing operations		200,023	(81,445)
Acquisitions		51,188	–
		<u>251,211</u>	<u>(81,445)</u>
Interest receivable		–	48,035
Amounts written off investments	6	(124,382)	–
Interest payable and similar charges	7	(101,669)	(121,280)
<b>Profit/(Loss) on Ordinary Activities Before Taxation</b>		<u>25,160</u>	<u>(154,690)</u>
Tax on profit/(loss) on ordinary activities	8	<u>34,919</u>	<u>(24,661)</u>
<b>Loss for the Financial Year</b>		<u>(9,759)</u>	<u>(130,029)</u>

All of the activities of the company are classed as continuing

The notes on pages 9 to 19 form part of these financial statements.



## **A & B High Limited**

### **Statement of Total Recognised Gains and Losses**

**Year Ended 31 December 2010**

	<b>Year to 31 Dec 10 £</b>	<b>Period from 1 Dec 08 to 31 Dec 09 £</b>
Loss for the financial year attributable to the shareholders	<b>(9,759)</b>	(130,029)
Total recognised gains and losses relating to the year	<b>(9,759)</b>	(130,029)
Prior year adjustment	<b>-</b>	20,000
Total gains and losses recognised since the last annual report	<b>(9,759)</b>	(110,029)

**The notes on pages 9 to 19 form part of these financial statements.**

# A & B High Limited

## Balance Sheet

31 December 2010

	Note	2010 £	2009 £
<b>Fixed Assets</b>			
Tangible assets	10	2,457,212	2,509,362
Investments	11	100	100,000
		<u>2,457,312</u>	<u>2,609,362</u>
<b>Current Assets</b>			
Stocks	12	435,926	403,930
Debtors due within one year	13	875,034	1,175,609
Debtors due after one year	13	—	498,957
Cash in hand		46,568	—
		<u>1,357,528</u>	<u>2,078,496</u>
<b>Creditors. Amounts falling due within one year</b>	14	<u>958,699</u>	<u>680,002</u>
<b>Net Current Assets</b>		<u>398,829</u>	<u>1,398,494</u>
<b>Total Assets Less Current Liabilities</b>		<u>2,856,141</u>	<u>4,007,856</u>
<b>Creditors: Amounts falling due after more than one year</b>	15	<u>1,278,843</u>	<u>2,280,796</u>
<b>Provisions for Liabilities</b>			
Deferred taxation	17	92,090	77,343
		<u>1,485,208</u>	<u>1,649,717</u>
<b>Capital and Reserves</b>			
Called-up equity share capital	22	8,500	8,500
Share premium account	23	208,500	208,500
Revaluation reserve	23	6,109	6,109
Profit and loss account	23	1,262,099	1,426,608
<b>Shareholders' Funds</b>	23	<u>1,485,208</u>	<u>1,649,717</u>

These financial statements were approved by the directors and authorised for issue on 20/7/2011, and are signed on their behalf by

Mr A A High

Company Registration Number 00912830

The notes on pages 9 to 19 form part of these financial statements.

# **A & B High Limited**

## **Notes and Accounting Policies**

**Year Ended 31 December 2010**

### **1. Accounting Policies**

#### **(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of properties

#### **(b) Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

#### **(c) Related parties transactions**

The company is a wholly owned subsidiary of A & B High Holdings Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the A & B High Holdings Limited group

#### **(d) Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

#### **(e) Fixed assets**

All fixed assets are initially recorded at cost

#### **(f) Depreciation**

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	- 2% straight line
Plant & Machinery	- 15% reducing balance
Fixtures & Fittings	- at variable rates on reducing balance
Motor Vehicles	- 15% reducing balance

#### **(g) Investment properties**

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

#### **(h) Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **(i) 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.

# A & B High Limited

## Notes and Accounting Policies

Year Ended 31 December 2010

### 1. Accounting Policies *(continued)*

#### (j) 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

#### (k) Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

#### (l) Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

#### (m) Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

#### (n) Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

### 2. Analysis of Cost of Sales and Net Operating Expenses

	Continuing operations £	Acquired operations £	Total £
<b>Year Ended 31 December 2010</b>			
Cost of sales	<u>1,262,359</u>	<u>1,784,361</u>	<u>3,046,720</u>
Administrative expenses	630,102	369,957	1,000,059
Other operating income	(54,497)	-	(54,497)
Net operating expenses	<u>575,605</u>	<u>369,957</u>	<u>945,562</u>
<b>Period from 1 December 2008 To 31 December 2009</b>			
Turnover	2,582,479	-	2,582,479
Cost of sales	<u>2,006,994</u>	<u>-</u>	<u>2,006,994</u>
Gross profit	575,485	-	575,485
Administrative expenses	769,204	-	769,204
Other operating income	(112,274)	-	(112,274)
Net operating expenses	<u>656,930</u>	<u>-</u>	<u>656,930</u>
Operating loss	<u>(81,445)</u>	<u>-</u>	<u>(81,445)</u>

## A & B High Limited

### Notes and Accounting Policies

Year Ended 31 December 2010

#### 3. Operating Profit/(Loss)

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

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
Amortisation of government grants re fixed assets	(57,068)	(67,139)
Depreciation of owned fixed assets	178,341	212,866
Depreciation of assets held under hire purchase agreements	29,908	23,242
Profit on disposal of fixed assets	(238)	-
Auditor's remuneration		
- audit fees	2,500	2,500
- Other	10,000	8,500
Operating lease costs		
- Plant and equipment	52,801	20,261
- Other	83,099	-

#### 4. Particulars of Employees

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

	Year to 31 Dec 10 No	Period from 1 Dec 08 to 31 Dec 09 No
Number of production staff	74	54
Number of administrative staff	4	2
Number of management staff	3	1
	<u>81</u>	<u>57</u>

The aggregate payroll costs of the above were

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
Wages and salaries	912,600	686,644
Social security costs	75,844	60,874
Other pension costs	-	3,900
	<u>988,444</u>	<u>751,418</u>

# A & B High Limited

## Notes and Accounting Policies

Year Ended 31 December 2010

### 5 Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
Aggregate remuneration	–	75,051
Value of company pension contributions to money purchase schemes	–	3,900
	<u>–</u>	<u>78,951</u>

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

	Year to 31 Dec 10 No	Period from 1 Dec 08 to 31 Dec 09 No
Money purchase schemes	<u>–</u>	<u>2</u>

### 6 Amounts Written Off Investments

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
Amount written off investments and intercompany loan	<u>124,382</u>	<u>–</u>

During the year the company wrote off its investment in Payne Timber Solutions Limited amounting to £99,900. At the same time it also waived its intercompany loan following the hive up of the business into the company (see note 21)

### 7. Interest Payable and Similar Charges

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
Interest payable on bank borrowing	95,454	115,367
Finance charges	6,215	5,913
	<u>101,669</u>	<u>121,280</u>

# A & B High Limited

## Notes and Accounting Policies

Year Ended 31 December 2010

### 8. Taxation on Ordinary Activities

#### (a) Analysis of charge in the year

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
Current tax		
UK Corporation tax based on the results for the year at 21% (2009 - 21%)	20,172	-
Over/under provision in prior year	-	(13,145)
Total current tax	20,172	(13,145)
Deferred tax		
Origination and reversal of timing differences (note 17)		
Capital allowances	15,042	(12,105)
Other	(295)	589
Total deferred tax (note 17)	14,747	(11,516)
Tax on profit/(loss) on ordinary activities	34,919	(24,661)

#### (b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2009 - 21%)

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
Profit/(loss) on ordinary activities before taxation	25,160	(154,690)
Profit/(loss) on ordinary activities by rate of tax	5,283	(32,485)
Expenses not deductible for tax purposes	21,052	74
Depreciation in excess of capital allowances for the year	6,053	19,383
Marginal Relief	(461)	-
Income not chargeable for tax purposes	(11,984)	(12,464)
Brought forward losses utilised	(1,533)	-
Losses surrendered	-	25,492
Prior year under/over provision	1,762	(13,145)
Total current tax (note 8(a))	20,172	(13,145)

### 9. Dividends

#### Equity dividends

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
Paid		
Equity dividends on ordinary shares	154,750	38,118

# A & B High Limited

## Notes and Accounting Policies

Year Ended 31 December 2010

### 10. Tangible Fixed Assets

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Investment Property £	Total £
<b>Cost or Valuation</b>						
At 1 Jan 2010	1,474,106	1,914,013	125,847	48,092	288,155	3,850,213
Additions	–	143,015	150	32,146	–	175,311
Disposals	–	(8,000)	–	(15,750)	–	(23,750)
<b>At 31 Dec 2010</b>	<b>1,474,106</b>	<b>2,049,028</b>	<b>125,997</b>	<b>64,488</b>	<b>288,155</b>	<b>4,001,774</b>
<b>Depreciation</b>						
At 1 Jan 2010	354,455	911,254	59,603	15,539	–	1,340,851
Charge for the year	25,082	168,494	6,649	8,024	–	208,249
On disposals	–	–	–	(4,538)	–	(4,538)
<b>At 31 Dec 2010</b>	<b>379,537</b>	<b>1,079,748</b>	<b>66,252</b>	<b>19,025</b>	<b>–</b>	<b>1,544,562</b>
<b>Net Book Value</b>						
<b>At 31 Dec 2010</b>	<b>1,094,569</b>	<b>969,280</b>	<b>59,745</b>	<b>45,463</b>	<b>288,155</b>	<b>2,457,212</b>
At 31 Dec 2009	1,119,651	1,002,759	66,244	32,553	288,155	2,509,362

The valuation of investment properties at the period end date was considered by Mr A A High, a director of the company, using the open market valuation basis

In respect of properties stated at valuations, the comparable historical cost and depreciation values are as follows

	2010 £	2009 £
<b>Net book value at end of year</b>	<b>288,155</b>	<b>288,155</b>
<b>Historical cost</b>	<b>282,046</b>	<b>282,046</b>

#### Hire purchase agreements

Included within the net book value of £2,457,212 is £167,512 (2009 - £68,526) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £29,908 (2009 - £23,242)



# A & B High Limited

## Notes and Accounting Policies

Year Ended 31 December 2010

### 11. Investments

	Investments
	£
<b>Cost</b>	
At 1 January 2010 and 31 December 2010	<u>100,000</u>
<b>Amounts Written Off</b>	
Written off in year	<u>99,900</u>
At 31 December 2010	<u>99,900</u>
<b>Net Book Value</b>	
At 31 December 2010	<u>100</u>
At 31 December 2009	<u>100,000</u>

Investments represent a 100% holding in Payne Timber Solutions Limited, which is now dormant

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
<b>Aggregate capital and reserves</b>		
Payne Timber Solutions Limited	–	(24,482)
<b>Profit and (loss) for the year</b>		
Payne Timber Solutions Limited	–	(26,832)

### 12. Stocks

	2010 £	2009 £
Raw materials	56,045	17,488
Finished goods	<u>379,881</u>	<u>386,442</u>
	<u>435,926</u>	<u>403,930</u>

### 13. Debtors

	2010 £	2009 £
Trade debtors	476,092	248,379
Amounts owed by group undertakings	378,998	1,415,775
Other debtors	–	1,500
Prepayments and accrued income	<u>19,944</u>	<u>8,912</u>
	<u>875,034</u>	<u>1,674,566</u>

The debtors above include the following amounts falling due after more than one year

	2010 £	2009 £
Amounts owed by group undertakings	<u>–</u>	<u>498,957</u>

## A & B High Limited

### Notes and Accounting Policies

Year Ended 31 December 2010

#### 14. Creditors: Amounts falling due within one year

	2010	2009
	£	£
Bank loans and overdrafts	334,051	385,024
Trade creditors	411,809	139,356
Corporation tax	20,172	—
PAYE and social security	18,843	9,354
VAT	54,867	39,278
Hire purchase agreements	40,030	22,740
Other creditors	8,363	8,331
Government grants	48,508	57,068
Accruals and deferred income	22,056	18,851
	<u>958,699</u>	<u>680,002</u>

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

	2010	2009
	£	£
Bank loans and overdrafts	334,051	385,024
Hire purchase agreements	40,030	22,740
	<u>374,081</u>	<u>407,764</u>

#### 15. Creditors: Amounts falling due after more than one year

	2010	2009
	£	£
Bank loans and overdrafts	937,352	1,892,361
Hire purchase agreements	66,613	65,049
Government grants	274,878	323,386
	<u>1,278,843</u>	<u>2,280,796</u>

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

	2010	2009
	£	£
Bank loans and overdrafts	937,352	1,892,361
Hire purchase agreements	66,613	65,049
	<u>1,003,965</u>	<u>1,957,410</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	2010	2009
	£	£
Bank loans and overdrafts	<u>320,390</u>	<u>941,283</u>

## A & B High Limited

### Notes and Accounting Policies

Year Ended 31 December 2010

#### 16. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows

	2010 £	2009 £
Amounts payable within 1 year	40,030	22,740
Amounts payable between 1 and 2 years	58,774	59,216
Amounts payable between 3 and 5 years	7,839	5,833
	<u>106,643</u>	<u>87,789</u>

#### 17. Deferred Taxation

The movement in the deferred taxation provision during the year was

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
Provision brought forward	77,343	88,859
Profit and loss account movement arising during the year	14,747	(11,516)
Provision carried forward	<u>92,090</u>	<u>77,343</u>

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

	2010 £	2009 £
Excess of taxation allowances over depreciation on fixed assets	92,090	77,048
Other timing differences	-	295
	<u>92,090</u>	<u>77,343</u>

#### 18. Commitments under Operating Leases

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2010 £	2009 £
Operating leases which expire		
Within 1 year	102	-
Within 2 to 5 years	26,262	1,372
	<u>26,364</u>	<u>1,372</u>

#### 19. Contingencies

Total grant proceeds of £517,416 were received during the 2007, 2008 and 2009 financial years from the Government Office for the South West. Terms and conditions are attached to the grant which, if breached, may lead to repayment of the grant. No breaches have been made this year that resulted in money becoming repayable.

A&B High Limited has provided cross guarantees with Label Form Limited, a fellow group company. At 31 December 2010 Label Form Limited accounts disclosed bank loans due within one year of £21,040 and due after one year of £101,129.

Tamar Labels Limited, a fellow group company has provided cross guarantees with A & B High Limited for repayment of the bank loans.

# A & B High Limited

## Notes and Accounting Policies

Year Ended 31 December 2010

### 20. Financial Instruments

During the year, the company used an interest rate swap to hedge its exposure to variable interest rates

The swap contract commenced in April 2005 and serves to fix the interest on the bank loan at 5.38% for a 10 year period until April 2015. The swap was entirely effective during the year.

Bank loans since January 2008 are covered by a new swap agreement. This agreement serves to fix the interest rate at 5.87% for a ten year period until January 2018. The swap was entirely effective during the year.

### 21. Related Party Transactions

The company was under the control of its directors during the year.

At the year end £72,939 (2009 - £72,939) was owed to A & B High Limited from Label-Form Limited, a fellow group company.

On 1 January 2010 A & B High Limited acquired the trade, assets and liabilities of Payne Timber Solutions Limited. Following the acquisition the remaining balance on the intercompany loan amounting to £24,482 was written off as irrecoverable.

As part of the acquisition the following assets and liabilities were acquired:

	£
Tangible fixed assets	11,783
Stocks	31,451
Debtors	173,190
Cash	59,015
Creditors due within one year	(299,921)
	<u>(24,482)</u>

During the year the company made salary payments to Mr A Halpin, a 50% shareholder in Payne Timber Solutions Limited, totalling £68,358.

During the year the company rented premises from Mr A Halpin for £83,099.

### 22. Share Capital

Allotted, called up and fully paid:

	2010 No	£	2009 No	£
8,500 Ordinary shares of £1 each	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>

### 23. Reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance brought forward	208,500	6,109	1,426,608
Loss for the year	—	—	(9,759)
Equity dividends	—	—	(154,750)
Balance carried forward	<u>208,500</u>	<u>6,109</u>	<u>1,262,099</u>

## **A & B High Limited**

### **Notes and Accounting Policies**

**Year Ended 31 December 2010**

#### **24. Reconciliation of Movements in Shareholders' Funds**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	<b>(9,759)</b>	(130,029)
Equity dividends	<b>(154,750)</b>	(38,118)
Net reduction to shareholders' funds	<b>(164,509)</b>	(168,147)
Opening shareholders' funds	<b>1,649,717</b>	1,817,864
Closing shareholders' funds	<b>1,485,208</b>	1,649,717

#### **25. Ultimate Parent Company**

The directors regard A and B High (Holdings) Limited, a company registered in England and Wales, as the ultimate parent company. Copies of the accounts of A and B High (Holdings) Limited may be obtained from Companies House.

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**A & B High Limited**

Management Information

Year Ended 31 December 2010

**The following pages do not form part of the statutory financial statements  
which are the subject of the independent auditor's report on pages 4 to 5**

## A & B High Limited

### Detailed Profit and Loss Account

Year Ended 31 December 2010

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
<b>Turnover</b>	<b>4,243,493</b>	<b>2,582,479</b>
<b>Cost of Sales</b>		
Opening stock - raw materials	17,487	18,427
Opening stock - finished goods	386,442	505,219
Purchases	2,207,312	1,302,857
Direct wages	806,504	537,144
NIC on direct labour	64,902	47,277
	<b>3,482,647</b>	<b>2,410,924</b>
Closing stock - raw materials	(56,045)	(17,488)
Closing stock - finished goods	(379,881)	(386,442)
	<b>3,046,721</b>	<b>2,006,994</b>
<b>Gross Profit</b>	<b>1,196,772</b>	<b>575,485</b>
<b>Gross Profit Percentage</b>	<b>28.2%</b>	<b>22.3%</b>
<b>Overheads</b>		
Administrative expenses	1,000,058	769,204
	<b>196,714</b>	<b>(193,719)</b>
<b>Other Operating Income</b>	<b>54,497</b>	<b>112,274</b>
<b>Operating Profit/(Loss)</b>	<b>251,211</b>	<b>(81,445)</b>
Interest receivable	–	48,035
	<b>251,211</b>	<b>(33,410)</b>
Amounts written off investments	(124,382)	–
Interest payable	(101,669)	(121,280)
<b>Profit/(Loss) on Ordinary Activities</b>	<b>25,160</b>	<b>(154,690)</b>

# A & B High Limited

## Notes to the Detailed Profit and Loss Account

Year Ended 31 December 2010

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
<b>Administrative Expenses</b>		
<b>Personnel costs</b>		
Directors salaries	–	66,993
Directors NIC	–	7,382
Directors pension contributions	–	3,900
Administrative staff salaries	106,096	82,507
Staff NIC	10,942	6,215
	<u>117,038</u>	<u>166,997</u>
<b>Establishment expenses</b>		
Rent	83,099	–
Rates and water	68,617	46,481
Light and heat	71,500	63,027
Insurance	37,916	31,750
Repairs and maintenance	169,395	126,324
Waste removal	7,104	2,830
Security monitoring costs	450	2,736
Computer running costs	20,816	11,607
	<u>458,897</u>	<u>284,755</u>
<b>General expenses</b>		
Travel and motor expenses	20,917	5,988
Telephone	12,596	9,953
Equipment leasing charges	52,801	20,261
Stationery and postage	23,683	13,216
Staff training	5,135	2,959
Staff welfare	4,161	796
Sundry expenses	8,664	15,390
Subscriptions	5,281	553
Advertising	49,177	7,926
Legal and professional fees	19,703	7,578
Accountancy fees	3,000	19,650
Auditors remuneration	2,500	2,500
Depreciation of freehold property	25,082	27,176
Depreciation of plant and machinery	168,494	194,568
Depreciation of fixtures and fittings	6,649	8,048
Depreciation of motor vehicles	8,024	6,316
Amortisation of government grants	(57,068)	(67,139)
Profit on disposal of fixed assets	(238)	–
	<u>358,561</u>	<u>275,739</u>
<b>Financial costs</b>		
Bad debts written off	54,731	33,899
Bank charges	10,831	7,814
	<u>65,562</u>	<u>41,713</u>
	<u>1,000,058</u>	<u>769,204</u>
<b>Other Operating Income</b>		
Rent receivable	54,497	42,274
Management charges receivable	–	70,000
	<u>54,497</u>	<u>112,274</u>



## A & B High Limited

### Notes to the Detailed Profit and Loss Account

Year Ended 31 December 2010

	Year to 31 Dec 10 £	Period from 1 Dec 08 to 31 Dec 09 £
<b>Interest Receivable</b>		
Bank interest receivable	—	46
Loan interest receivable	—	47,989
	<u>—</u>	<u>48,035</u>
<b>Interest Payable</b>		
Bank interest payable	95,454	115,367
HP/Finance lease charges	6,215	5,913
	<u>101,669</u>	<u>121,280</u>