

REGISTERED NUMBER: 02925612 (England and Wales)

PARAGON LABELS LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

THURSDAY



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FOR THE YEAR ENDED 31 DECEMBER 2008**

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PARAGON LABELS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2008**

DIRECTORS:	A C Lennon I R B Partington D Patterson K R Bostock
SECRETARIES:	Pinsent Masons Secretarial Services Limited K R Bostock
REGISTERED OFFICE:	1 Benner Road Industrial Estate Pinchbeck Spalding Lincolnshire PE11 3PZ
REGISTERED NUMBER:	02925612 (England and Wales)
AUDITORS:	Duncan & Toplis Chartered Accountants & Registered Auditor 5 Resolution Close Endeavour Park Boston Lincolnshire PE21 7TT
BANKERS:	Barclays Bank plc Third Floor 15 Colmore Row PO Box 3333 Birmingham B3 2WN
SOLICITORS:	Pinsent Masons 3 Colmore Circus Birmingham B4 6BH

PARAGON LABELS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report with the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and sale of self adhesive labels throughout the United Kingdom and parts of Europe.

REVIEW OF BUSINESS

The results for the year are as shown in the annexed financial statements.

It has been a challenging year for the company as the economic trading conditions worsened throughout the UK. The company has been exposed to the weakening of the pound and the corresponding increase in raw material costs. These increases have been difficult to pass on to our customers due to their own financial pressures.

On 2 April 2008, the company suffered a major fire destroying one of its production facilities. The company's multi-site strategy enabled work to be diverted around the group and the impact on our customers was minimal.

The Directors believe that the largest risk to the company is the impact of suffering a major bad debt. In order to minimise this risk the Directors have taken out credit insurance with effect from 1 December 2008. Any customer not covered by this policy is tightly monitored to minimise any potential impact.

The company continues its focus on customer service and working with its customers to develop new and innovative way of packaging fresh and chilled foods.

As shown in the profit and loss account, the company's turnover was £76.6m (2007 - £76.4m) at a margin of 25.6% (2007 - 25.4%).

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

There have been no material developments in the company or its business since the year end and none are anticipated.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2008.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2008 to the date of this report.

A C Lennon
I R B Partington
D Patterson
K R Bostock

CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations totalling £41,519 (2007 - £46,606).

DIRECTORS INDEMNITY INSURANCE

During the year the company has made payments for directors indemnity insurance.

POST BALANCE SHEET EVENTS

On 1 January 2009 the trade and assets of another group undertaking were acquired.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

PARAGON LABELS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

EMPLOYEE INVOLVEMENT

Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through bonus schemes linked to operating profit.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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). The financial statements are required by law to 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 judgements 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 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 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 financial statements 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Duncan & Toplis, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



K R Bostock - Secretary

Date: 6 April 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF PARAGON LABELS LIMITED

We have audited the financial statements of Paragon Labels Limited for the year ended 31 December 2008 on pages six to fifteen. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

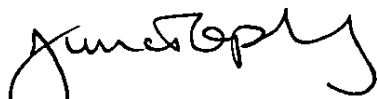
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
PARAGON LABELS LIMITED**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.



Duncan & Toplis
Chartered Accountants &
Registered Auditor
5 Resolution Close
Endeavour Park
Boston
Lincolnshire
PE21 7TT

Date: 6 April 2009

PARAGON LABELS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 £	2007 £
TURNOVER	2	76,621,724	76,430,432
Cost of sales		<u>57,044,223</u>	<u>57,015,815</u>
GROSS PROFIT		19,577,501	19,414,617
Distribution costs		2,649,609	2,442,362
Administrative expenses		<u>13,990,131</u>	<u>13,788,436</u>
		<u>16,639,740</u>	<u>16,230,798</u>
OPERATING PROFIT	4	2,937,761	3,183,819
Profit on sale of tangible fixed assets	5	<u>3,886,905</u>	<u>-</u>
		6,824,666	3,183,819
Interest receivable and similar income		<u>194,802</u>	<u>140,864</u>
		7,019,468	3,324,683
Interest payable and similar charges	6	<u>3,274</u>	<u>18,715</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,016,194	3,305,968
Tax on profit on ordinary activities	7	<u>2,794,934</u>	<u>1,121,797</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u><u>4,221,260</u></u>	<u><u>2,184,171</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES


The company has no recognised gains or losses other than the profits for the current year or previous year.

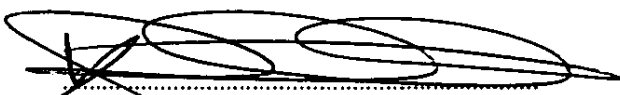
PARAGON LABELS LIMITED

**BALANCE SHEET
31 DECEMBER 2008**

	Notes	2008		2007	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		14,508,521		12,472,182
CURRENT ASSETS					
Stocks	10	5,672,695		5,242,399	
Debtors (including £12,956,883 (2007 - £6,658,648) due after more than one year)	11	28,139,097		20,823,828	
Cash in hand		<u>8,262,090</u>		<u>3,276,480</u>	
		42,073,882		29,342,707	
CREDITORS					
Amounts falling due within one year	12	<u>19,784,814</u>		<u>19,597,097</u>	
NET CURRENT ASSETS			<u>22,289,068</u>		<u>9,745,610</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			36,797,589		22,217,792
CREDITORS					
Amounts falling due after more than one year	13		(25,229,171)		(15,407,948)
PROVISIONS FOR LIABILITIES	16		<u>(1,782,970)</u>		<u>(1,245,656)</u>
NET ASSETS			<u>9,785,448</u>		<u>5,564,188</u>
CAPITAL AND RESERVES					
Called up share capital	17		300,000		300,000
Profit and loss account	18		<u>9,485,448</u>		<u>5,264,188</u>
SHAREHOLDERS' FUNDS	23		<u>9,785,448</u>		<u>5,564,188</u>

The financial statements were approved by the Board of Directors on 6 April 2009 and were signed on its behalf by:


.....
A C Lennon - Director


.....
K R Bostock - Director

The notes form part of these financial statements

PARAGON LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Turnover

Turnover represents invoiced and accrued sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each assets over its estimated useful life or, if held under a finance lease, over the term of the lease, whichever is the shorter.

Freehold property	- 2% on cost
Plant and machinery	- 6.67% to 20% on cost
Fixtures and fittings	- 15% to 33% on cost
Motor vehicles	- 25% on cost

Stocks

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

Stocks of some raw materials are held on a consignment basis, the liability for which does not pass to the company until the stocks are used.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their useful economic lives. Those held under finance lease are depreciated over their useful economic lives of the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Financial Reporting Standard 1

The company has not prepared a cash flow statement. Exemption has been claimed under Financial Reporting Standard 1 on the basis that the company is a subsidiary undertaking where 90% of the voting rights are controlled within the group, and consolidated financial statements, which include the subsidiary undertaking, are publicly available.

Financial Reporting Standard 8

The company has taken advantage of the exemption given in Financial Reporting Standard 8 relating to disclosure of related party transactions with entities that are part of the group. Financial Reporting Standard 8 does not require disclosure in the financial statements of subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, of transactions with entities that are part of the same group, provided that the consolidated financial statements in which the subsidiary undertaking is included, are publicly available.

PARAGON LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES - continued

Government grants

Grants and other contributions received towards the cost of tangible fixed assets are included in creditors as deferred income, and credited to the profit and loss account over the life of the asset.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2008 £	2007 £
United Kingdom	74,966,748	74,770,277
Europe	<u>1,654,976</u>	<u>1,660,155</u>
	<u><u>76,621,724</u></u>	<u><u>76,430,432</u></u>

The company's principal activity was carried on within the United Kingdom.

3. STAFF COSTS

	2008 £	2007 £
Wages and salaries	16,473,890	14,505,982
Social security costs	1,669,249	1,415,269
Other pension costs	<u>473,509</u>	<u>455,082</u>
	<u><u>18,616,648</u></u>	<u><u>16,376,333</u></u>

The average monthly number of employees during the year was as follows:

	2008	2007
Directors	4	6
Production	413	379
Administration	<u>200</u>	<u>179</u>
	<u><u>617</u></u>	<u><u>564</u></u>

PARAGON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008**

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2008	2007
	£	£
Depreciation - owned assets	2,370,908	2,259,199
Depreciation - assets on hire purchase contracts	-	54,354
Loss/(Profit) on disposal of fixed assets	149,866	(684)
Auditors' remuneration	28,250	28,250
Auditors' remuneration for non audit work	11,000	3,000
Pension and health costs	473,509	481,322
Operating lease - land and buildings	691,161	751,965
Operating lease - other	<u>584,106</u>	<u>609,213</u>
Directors' emoluments	<u>-</u>	<u>-</u>

5. EXCEPTIONAL ITEMS

The exceptional item is a result of an insurance claim arising as a consequence of a fire at one of the sites.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Bank interest	<u>3,274</u>	<u>18,715</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2008	2007
	£	£
Current tax:		
UK corporation tax	1,989,555	1,184,085
Adjustment in respect of previous years:		
Corporation tax	<u>268,065</u>	<u>-</u>
Total current tax	2,257,620	1,184,085
Deferred tax	<u>537,314</u>	<u>(62,288)</u>
Tax on profit on ordinary activities	<u>2,794,934</u>	<u>1,121,797</u>

PARAGON LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2008

7. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>7,016,194</u>	<u>3,305,968</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.50% (2007 - 30%)	1,999,615	991,790
Effects of:		
Expenses not deductible for tax purposes	44,997	183,973
Capital allowances for the period in excess of depreciation	(867,199)	(68,188)
Expensive leased cars	17,472	16,510
General rebate provision	-	60,000
General bad debt provision	112,423	-
Management charges	1,494,784	-
Adjustment in respect of prior year	268,065	-
Group relief	<u>(812,537)</u>	<u>-</u>
Current tax charge	<u>2,257,620</u>	<u>1,184,085</u>

The company is a close company within the provisions of the Income & Corporation Taxes Act 1988.

8. DIVIDENDS

	2008 £	2007 £
Ordinary shares of £1 each		
Interim	<u>-</u>	<u>6,239,000</u>

PARAGON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008**

9. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2008	3,438,358	20,842,964	4,032,624	111,273	28,425,219
Additions	-	6,022,222	458,530	4,090	6,484,842
Disposals	(887,956)	(5,641,256)	(2,192,942)	(23,672)	(8,745,826)
At 31 December 2008	<u>2,550,402</u>	<u>21,223,930</u>	<u>2,298,212</u>	<u>91,691</u>	<u>26,164,235</u>
DEPRECIATION					
At 1 January 2008	547,957	12,285,305	3,040,549	79,226	15,953,037
Charge for year	73,637	1,842,063	444,392	10,816	2,370,908
Eliminated on disposal	(236,781)	(4,297,049)	(2,115,542)	(18,859)	(6,668,231)
At 31 December 2008	<u>384,813</u>	<u>9,830,319</u>	<u>1,369,399</u>	<u>71,183</u>	<u>11,655,714</u>
NET BOOK VALUE					
At 31 December 2008	<u>2,165,589</u>	<u>11,393,611</u>	<u>928,813</u>	<u>20,508</u>	<u>14,508,521</u>
At 31 December 2007	<u>2,890,401</u>	<u>8,557,659</u>	<u>992,075</u>	<u>32,047</u>	<u>12,472,182</u>

Included in cost of land and buildings is freehold land of £268,869 (2007 - £268,869) which is not depreciated.

The net book value of tangible fixed assets includes £nil (2007 - £308,007) in respect of assets held under hire purchase contracts.

10. STOCKS

	2008 £	2007 £
Raw materials	1,354,477	1,040,852
Finished goods	<u>4,318,218</u>	<u>4,201,547</u>
	<u>5,672,695</u>	<u>5,242,399</u>

11. DEBTORS

	2008 £	2007 £
Amounts falling due within one year:		
Trade debtors	12,898,200	13,635,507
Other debtors	1,888,015	209,891
Prepayments	<u>395,999</u>	<u>319,782</u>
	<u>15,182,214</u>	<u>14,165,180</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>12,956,883</u>	<u>6,658,648</u>
Aggregate amounts	<u>28,139,097</u>	<u>20,823,828</u>

PARAGON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Hire purchase contracts (see note 14)	-	29,810
Trade creditors	9,740,172	11,641,278
Corporation tax	1,363,701	225,684
Other taxes and social security	1,029,639	1,268,332
Other creditors	67,980	95,669
Accruals and deferred income	7,578,920	6,331,922
Deferred government grants	4,402	4,402
	<u>19,784,814</u>	<u>19,597,097</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Amounts owed to group undertakings	25,226,970	15,401,345
Deferred government grants	2,201	6,603
	<u>25,229,171</u>	<u>15,407,948</u>

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2008 £	Hire purchase contracts 2007 £
Net obligations repayable:		
Within one year	-	<u>29,810</u>

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2008 £	2007 £	2008 £	2007 £
Expiring:				
Within one year	-	-	57,051	59,982
Between one and five years	75,000	-	228,488	242,842
In more than five years	<u>134,380</u>	<u>114,440</u>	-	-
	<u>209,380</u>	<u>114,440</u>	<u>285,539</u>	<u>302,824</u>

PARAGON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008**

15. SECURED DEBTS

The following secured debts are included within creditors:

	2008	2007
	£	£
Hire purchase contracts	<u>-</u>	<u>29,810</u>

On 18 October 2007 the company entered into a composite accounting agreement in favour of all group companies.

Under the terms of these agreements the bank is authorised to allow set-off for interest purposes and in certain circumstances to seize credit balances and apply them in reduction of liabilities including debit balances within the composite accounting system.

The group's assets have been used as security for all bank borrowings.

16. PROVISIONS FOR LIABILITIES

	2008	2007
	£	£
Deferred tax		
Accelerated capital allowances	1,782,970	1,110,971
Accelerated industrial buildings allowances	<u>-</u>	<u>134,685</u>
	<u>1,782,970</u>	<u>1,245,656</u>

	Deferred tax £
Balance at 1 January 2008	1,245,656
Transfer to the profit and loss account	<u>537,314</u>
Balance at 31 December 2008	<u>1,782,970</u>

17. CALLED UP SHARE CAPITAL

Authorised:			2008	2007
Number:	Class:	Nominal value:	£	£
450,000	Ordinary	£1	<u>450,000</u>	<u>450,000</u>

Allotted, issued and fully paid:			2008	2007
Number:	Class:	Nominal value:	£	£
300,000	Ordinary	£1	<u>300,000</u>	<u>300,000</u>

PARAGON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008**

18. RESERVES

	Profit and loss account £
At 1 January 2008	5,264,188
Profit for the year	<u>4,221,260</u>
At 31 December 2008	<u>9,485,448</u>

19. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Paragon Print & Packaging Limited.

The ultimate parent undertaking is Paragon Print and Packaging (Holdings) Limited, a company incorporated in England and Wales. Copies of the consolidated financial statements can be obtained from 1 Benner Road, Pinchbeck, Spalding, Lincolnshire, PE11 3PZ.

20. CONTINGENT LIABILITIES

The company has a cross guarantee in place which favours all of the group trading and holding companies. This guarantee secures total group bank borrowings of £64,000,000 at 31 December 2008 (2007 - £65,000,000).

21. CAPITAL COMMITMENTS

	2008 £	2007 £
Contracted but not provided for in the financial statements	<u>2,287,955</u>	<u>31,155</u>

22. TRANSACTIONS WITH DIRECTORS

During the year the company paid rent of £Nil (2007 - £4,333) to Mrs P Dixon the wife of a director. This transaction was on normal commercial terms and no amounts were due at the year end.

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year	4,221,260	2,184,171
Dividends	<u>-</u>	<u>(6,239,000)</u>
Net addition/(reduction) to shareholders' funds	4,221,260	(4,054,829)
Opening shareholders' funds	<u>5,564,188</u>	<u>9,619,017</u>
Closing shareholders' funds	<u>9,785,448</u>	<u>5,564,188</u>