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COMPANIES HOUSE CO. LTD.

German Swedish & French Car Parts Limited

Report and Financial Statements

Year Ended

31 December 2005

BDO

BDO Stoy Hayward
Chartered Accountants



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Directors

S G West
M E Forde
D J De Silva
D J Atkinson
J P Waring

Secretary and registered office

Mrs A Y West, Units 1/2, The Planet Centre, Armadale Road, Feltham, Middlesex, TW14 0LW

Company number

3896059

Auditors

BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

Report of the directors for the year ended 31 December 2005

The directors present their report together with the audited financial statements for the year ended 31 December 2005.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activities, review of business and future developments

The group's principal activity is the wholesale and retail of motor parts and accessories.

The directors are satisfied with the performance of the group for the year and are cautiously optimistic about future prospects.

Post balance sheet events

On 25 April 2006 the Company redeemed 26,400 preference shares of £1 each at par.

Charitable and political contributions

During the year the group made charitable contributions of £1,670 (2004 - £1,675). There were no political contributions.

Employment of disabled persons

The Group gives full consideration to application for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Group's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The Group places considerable value on the involvement of its employees and has a practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group.

Report of the directors for the year ended 31 December 2005 (Continued)

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	31 December 2005		31 December 2004	
	'A' ordinary shares	'B' ordinary shares	'A' ordinary shares	'B' ordinary shares
S G West	67,984	1,047	67,984	1,047
M E Forde	15,620	-	15,620	-
D J De Silva	2,200	403	2,200	403
D J Atkinson	2,200	403	2,200	403
J P Waring	-	-	-	-

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that year. In preparing those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors for the year ended 31 December 2005 (Continued)

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

Mrs A Y West

Secretary

13 October 2006

Independent auditor's report

To the shareholders of German Swedish & French Car Parts Limited

We have audited the group and parent company financial statements (the "financial statements") of German Swedish & French Car Parts Limited for the year ended 31 December 2005 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 in the statement of directors' responsibilities.

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 have been 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 financial statements, 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 group's and 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.

Independent auditor's report (*Continued*)

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2005 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2005; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Birmingham*

23 October 2006

Consolidated profit and loss account for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	2	50,787,401	45,266,160
Cost of sales		<u>25,532,041</u>	<u>23,138,055</u>
Gross profit		25,255,360	22,128,105
Administrative expenses		<u>22,450,907</u>	<u>19,474,339</u>
Group operating profit	3	2,804,453	2,653,766
Income from investments	6	35,549	62,035
Other interest receivable and similar income	7	1,825	21,677
Interest payable and similar charges	8	<u>(924,902)</u>	<u>(1,019,444)</u>
Profit on ordinary activities before taxation		1,916,925	1,718,034
Taxation on profit on ordinary activities	9	<u>996,068</u>	<u>904,601</u>
Profit on ordinary activities after taxation		920,857	813,433
Minority interest		<u>(93,003)</u>	<u>(56,625)</u>
Profit for the financial year		827,854	756,808

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 10 to 26 form part of these financial statements.

Consolidated balance sheet at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	11		16,462,646		17,450,349
Tangible assets	12		2,105,961		1,937,406
			<u>18,568,607</u>		<u>19,387,755</u>
Current assets					
Stocks	14	8,588,027		9,592,681	
Debtors	15	5,116,892		4,247,336	
Cash at bank and in hand		449,731		171,796	
		<u>14,154,650</u>		<u>14,011,813</u>	
Creditors: amounts falling due within one year	16	10,229,940		9,638,161	
		<u>3,924,710</u>		<u>4,373,652</u>	
Net current assets					
			22,493,317		23,761,407
Creditors: amounts falling due after more than one year	17	10,433,739		12,505,739	
		<u>12,059,578</u>		<u>11,255,668</u>	
Capital and reserves					
Called up share capital	18	9,444,804		9,470,304	
Capital redemption reserve	19	941,835		916,335	
Profit and loss account	19	1,334,496		532,142	
		<u>11,721,135</u>		<u>10,918,781</u>	
Shareholders' funds	20				
			338,443		336,887
Minority interests (equity)			<u>12,059,578</u>		<u>11,255,668</u>

The financial statements were approved by the board of directors and authorised for issue on 13 October 2006.

S G West
Director

The notes on pages 10 to 26 form part of these financial statements.

Company balance sheet at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	11		17,623,297		18,667,818
Tangible assets	12		1,761,204		1,453,660
Fixed asset investments	13		94,523		94,523
			<u>19,479,024</u>		<u>20,216,001</u>
Current assets					
Stocks	14	7,484,126		8,009,264	
Debtors	15	5,613,301		5,176,797	
Cash at bank and in hand		13,219		11,242	
			<u>13,110,646</u>	<u>13,197,303</u>	
Creditors: amounts falling due within one year	16	9,616,362		9,116,034	
			<u>3,494,284</u>	<u>4,081,269</u>	
Net current assets					
			<u>22,973,308</u>	<u>24,297,270</u>	
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	17		10,386,614		12,386,614
			<u>12,586,694</u>	<u>11,910,656</u>	
Capital and reserves					
Called up share capital	18		9,444,804		9,470,304
Capital redemption reserve	19		941,835		916,335
Profit and loss account	19		2,200,055		1,524,017
			<u>12,586,694</u>	<u>11,910,656</u>	
Shareholders' funds	20				
			<u>12,586,694</u>	<u>11,910,656</u>	

The financial statements were approved by the board of directors and authorised for issue on 13 October 2006.

S G West
Director

The notes on pages 10 to 26 form part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Net cash inflow from operating activities	24		5,958,576		3,112,273
Returns on investments and servicing of finance					
Interest received		1,825		21,677	
Interest paid: other		(924,902)		(1,019,444)	
Income from investments		35,549		62,035	
Minority interests dividends		(46,000)		(41,500)	
Net cash outflow from returns on investments and servicing of finance			(933,528)		(977,232)
Taxation					
Corporation tax paid			(846,882)		(589,814)
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(204,963)		(210,000)	
Payments to acquire tangible fixed assets		(1,053,201)		(726,053)	
Receipts from sale of tangible fixed assets		34,797		44,050	
Net cash outflow from capital expenditure and financial investment			(1,223,367)		(892,003)
Cash inflow before financing			2,954,799		653,224
Financing					
Share capital redeemed		(25,500)		(542,373)	
New loans		-		4,500,000	
Loans repaid		(2,072,000)		(6,416,692)	
Purchase of own shares		-		(14,277)	
Net cash outflow from financing			(2,097,500)		(2,473,342)
Increase/(decrease) in cash	25		857,299		(1,820,118)

The notes on pages 10 to 26 form part of these financial statements.

1 Accounting policies

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

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of German Swedish & French Car Parts Limited and all of its subsidiary undertakings as at 31 December 2005 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Goodwill

Goodwill arising on an acquisition of a trade or subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold and long leasehold property	- 2% straight line on cost
Short leasehold property	- over the lease term
Motor vehicles	- 25% straight line on cost
Plant, fixtures and fittings	- 20-25 straight line on cost
Computer equipment	- 33.33% straight line on cost

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the group's defined contribution pension schemes are charged to the profit and loss account in the year in which they become payable.

2 Turnover

	2005 £	2004 £
Analysis by geographical market:		
United Kingdom	48,111,584	43,630,347
Europe	2,285,311	1,337,911
Rest of the world	390,506	297,902
	<u>50,787,401</u>	<u>45,266,160</u>

Turnover is wholly attributable to the principal activity of the group.

3 Operating profit

	2005 £	2004 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	858,949	766,627
Amortisation of positive goodwill	1,147,221	1,147,221
Profit on disposal of tangible fixed assets	(9,100)	(12,299)
Hire of plant and machinery - operating leases	43,078	47,896
Hire of other assets - operating leases	1,285,515	1,204,616
Auditors' remuneration:		
Group - audit services	66,757	46,222
Group - non-audit services	18,445	24,070
Exchange gains	(333,219)	(367,070)
	<u>1,285,515</u>	<u>1,204,616</u>

Included in the group audit fee is an amount of £35,045 (2004 - £33,000) in respect of the company.

4 Employees

Staff costs (including directors) consist of:

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Wages and salaries	12,502,354	10,685,416	10,023,537	7,772,588
Social security costs	1,273,335	1,023,170	987,135	762,124
Other pension costs	593,045	338,186	578,463	320,565
	<u>14,368,734</u>	<u>12,046,772</u>	<u>11,589,135</u>	<u>8,855,277</u>

4 Employees (continued)

The average number of employees (including directors) during the year was as follows:

	Group 2005 Number	Group 2004 Number	Company 2005 Number	Company 2004 Number
Sales	214	192	156	122
Administration	49	51	45	45
Warehouse	334	300	262	212
	—	—	—	—
	597	543	463	379
	==	==	==	==

5 Directors' remuneration

	2005 £	2004 £
Directors' emoluments	748,935	590,231
Company contributions to money purchase pension schemes	108,937	246,325
	==	==

There were 4 directors for whom contributions were made to the company's defined contribution pension scheme during the year (2004 - 5).

The total amount payable to the highest paid director in respect of emoluments was £186,140 (2004 - £94,431). Company pension contributions of £100,000 (2004 - £187,500) were made to a money purchase scheme on his behalf.

6 Income from investments

	2005 £	2004 £
Rent receivable	35,549	34,635
Other income	-	27,400
	==	==
	35,549	62,035
	==	==

7 Other interest receivable and similar income

	2005 £	2004 £
Bank deposits	1,825	21,677
	==	==

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

8 Interest payable and similar charges

	2005 £	2004 £
Bank loans and overdrafts	234,497	206,356
Loan notes	690,405	812,468
Other interest	-	620
	<u>924,902</u>	<u>1,019,444</u>

9 Taxation on profit on ordinary activities

	2005 £	2004 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	978,539	808,955
Adjustment in respect of previous periods	26,610	34,908
	<u>1,005,149</u>	<u>843,863</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(9,081)	60,738
	<u>996,068</u>	<u>904,601</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>1,916,925</u>	<u>1,718,034</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	575,078	515,410
Effect of:		
Expenses not deductible for tax purposes	434,148	365,227
Capital allowances for period in excess of depreciation	36,765	19,887
Income not subject to corporation tax	(57,687)	(8,220)
Adjustment to tax charge in respect of previous periods	26,610	34,908
Difference in tax rates in subsidiary undertaking	(28,937)	(19,506)
Losses not relieved against current tax	15,435	11,157
Other short term timing differences	3,737	(75,000)
	<u>1,005,149</u>	<u>843,863</u>

10 Profit for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £701,538 (2004 - £78) which is dealt with in the financial statements of the parent company.

11 Intangible assets

Group	Goodwill on consolidation £
<i>Cost</i>	
At 1 January 2005	22,826,476
Additions	159,518
	<hr/>
At 31 December 2005	22,985,994
	<hr/>
<i>Amortisation</i>	
At 1 January 2005	5,376,127
Provided for the year	1,147,221
	<hr/>
At 31 December 2005	6,523,348
	<hr/>
<i>Net book value</i>	
At 31 December 2005	16,462,646
	<hr/>
At 31 December 2004	17,450,349
	<hr/>

11 Intangible assets (*continued*)

Company	Goodwill £
<i>Cost</i>	
At 1 January 2005	20,745,635
Additions	200,000
Transfers	100,000
	<hr/>
At 31 December 2005	21,045,635
	<hr/>
<i>Amortisation</i>	
At 1 January 2005	2,077,817
Provided for the year	1,244,521
Transfers	100,000
	<hr/>
At 31 December 2005	3,422,338
	<hr/>
<i>Net book value</i>	
At 31 December 2005	17,623,297
	<hr/> <hr/>
At 31 December 2004	18,667,818
	<hr/> <hr/>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

12 Tangible fixed assets

Group	Freehold and long leasehold property £	Short leasehold property £	Motor vehicles £	Plant, fixtures, fittings etc. £	Computer equipment £	Total £
<i>Cost</i>						
At 1 January 2005	350,465	387,889	1,779,582	1,495,949	239,737	4,253,622
Additions	-	62,562	732,064	249,224	9,351	1,053,201
Disposals	-	(2,783)	(222,288)	(3,792)	-	(228,863)
At 31 December 2005	350,465	447,668	2,289,358	1,741,381	249,088	5,077,960
<i>Depreciation</i>						
At 1 January 2005	36,092	175,269	929,683	941,831	233,341	2,316,216
Provided for the year	8,974	55,028	451,073	335,822	8,052	858,949
Disposals	-	(2,783)	(196,591)	(3,792)	-	(203,166)
At 31 December 2005	45,066	227,514	1,184,165	1,273,861	241,393	2,971,999
<i>Net book value</i>						
At 31 December 2005	305,399	220,154	1,105,193	467,520	7,695	2,105,961
At 31 December 2004	314,373	212,620	849,899	554,118	6,396	1,937,406

German Swedish & French Car Parts Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

12 Tangible fixed assets (continued)		Company				
		Freehold and long leasehold property £	Short leasehold property £	Motor vehicles £	Plant, fixtures, fittings etc. £	Computer equipment £
						Total £
<i>Cost</i>						
At 1 January 2005		261,765	260,910	1,306,000	1,045,342	171,187
Additions		-	61,112	574,620	204,284	8,854
Disposals		-	-	(150,901)	-	-
Group transfers		61,200	16,608	121,487	46,240	10,179
						3,045,204
						848,870
						(150,901)
						255,714
At 31 December 2005		322,965	338,630	1,851,206	1,295,866	190,220
						3,998,887
<i>Depreciation</i>						
At 1 January 2005		16,230	114,105	667,242	627,242	166,725
Provided for the year		7,200	31,805	340,203	256,089	6,776
Disposals		-	-	(132,144)	-	-
Group transfers		12,240	3,388	68,282	42,331	9,969
						1,591,544
						642,073
						(132,144)
						136,210
At 31 December 2005		35,670	149,298	943,583	925,662	183,470
						2,237,683
<i>Net book value</i>						
At 31 December 2005		287,295	189,332	907,623	370,204	6,750
						1,761,204
At 31 December 2004		245,535	146,805	638,758	418,100	4,462
						1,453,660

13 Fixed asset investments

Company	Group undertakings £
<i>Cost</i>	
At 1 January 2005	94,523
Additions	2,350
Investments written off	(2,350)
	<hr/>
At 1 January 2005 and 31 December 2005	94,523
	<hr/>

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Class of share capital held	Proportion of share capital held
<i>Subsidiary undertakings</i>		
German & Swedish (Herts) Limited	Ordinary	85%
German & Swedish (Reading) Limited	Ordinary	80%
	Preference	100%
GSF (Glasgow) Limited	Ordinary	76%
German & Swedish (South West) Limited	Ordinary	60%
German & Swedish Car Parts (Manchester) Limited (ceased trading 31 December 2005)	Ordinary	100%
Autoparts (Northern) Limited	Ordinary	90%
GSF (Chelmsford) Limited	Ordinary	75%
GSF (South London) Limited	Ordinary	80%
Edenrace Limited	Ordinary	70%
German Swedish & French Car Parts (N.I.) Limited	Ordinary	80%

The principal activities of all the trading subsidiaries are those of wholesalers and retailers of motor spares and accessories. All the Group undertakings are registered in England, with the exception of Edenrace Limited, which is registered in the Republic of Ireland and German Swedish & French Car Parts (N.I.) Limited, which is registered in Northern Ireland.

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

14 Stocks

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Finished goods and goods for resale	8,588,027	9,592,681	7,484,126	8,009,264

There is no material difference between the replacement cost of stocks and the amounts stated above.

15 Debtors

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Trade debtors	4,652,089	3,786,457	3,561,796	2,773,996
Amounts owed by group undertakings	-	-	1,665,738	2,029,560
Other debtors	15,399	41,934	15,399	40,584
Prepayments and accrued income	379,264	357,886	300,228	271,598
Deferred taxation	70,140	61,059	70,140	61,059
	5,116,892	4,247,336	5,613,301	5,176,797

All amounts shown under debtors fall due for payment within one year.

	Group Deferred taxation £	Company Deferred taxation £
At 1 January 2005	61,059	61,059
Credited to profit and loss account	9,081	9,081
At 31 December 2005	70,140	70,140

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Accelerated capital allowances	70,140	61,059	70,140	61,059

16 Creditors: amounts falling due within one year

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Bank loans and overdrafts (secured)	2,000,000	2,579,362	2,320,697	2,851,243
Trade creditors	3,896,453	3,893,201	3,733,388	3,797,734
Corporation tax	466,307	308,040	237,531	204,325
Other taxation and social security	1,371,790	993,008	991,730	501,901
Other creditors	17,000	-	-	-
Accruals and deferred income	2,478,390	1,864,550	2,333,016	1,760,831
	<u>10,229,940</u>	<u>9,638,161</u>	<u>9,616,362</u>	<u>9,116,034</u>

17 Creditors: amounts falling due after more than one year

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Loan notes	10,100,900	10,100,900	10,100,900	10,100,900
Bank loans	285,714	2,285,714	285,714	2,285,714
Other loans	47,125	119,125	-	-
	<u>10,433,739</u>	<u>12,505,739</u>	<u>10,386,614</u>	<u>12,386,614</u>

Maturity of debt:

	Group Loans and overdrafts 2005 £	Group Loans and overdrafts 2004 £	Company Loans and overdrafts 2005 £	Company Loans and overdrafts 2004 £
In one year or less, or on demand	<u>2,000,000</u>	<u>2,579,362</u>	<u>2,320,697</u>	<u>2,851,243</u>
In more than one year but not more than two years	10,433,739	12,100,900	10,386,614	12,100,900
In more than two years but not more than five years	<u>-</u>	<u>404,839</u>	<u>-</u>	<u>285,714</u>
	<u>10,433,739</u>	<u>12,505,739</u>	<u>10,386,614</u>	<u>12,386,614</u>

17 Creditors: amounts falling due after more than one year (Continued)

The bank loans and overdraft are secured by way of a cross guarantee and debenture over the assets of the group.

The bank loans are repayable in quarterly instalments and bear interest at 1.75% over the bank base rate.

18 Share capital

	Authorised		Allotted, called up and fully paid	
	2005	2004	2005	2004
	£	£	£	£
'A' Ordinary shares of £1 each	200,000	200,000	88,004	88,004
'B' Ordinary shares of £1 each	10,000	10,000	1,853	1,853
Preference shares of £1 each	19,790,000	19,790,000	9,354,947	9,380,447
	<hr/>	<hr/>	<hr/>	<hr/>
	20,000,000	20,000,000	9,444,804	9,470,304
	<hr/>	<hr/>	<hr/>	<hr/>

The 'B' Ordinary shares do not carry any votes and do not qualify for any dividend payments. Subject to the agreement of the 'A' Ordinary shareholders, the 'B' Ordinary shares can be converted into a like number of 'A' Ordinary shares at any time.

The preference shares are redeemable by the Company at par at any time before 1 March 2020. The shares do not carry any votes unless there are arrears of dividends or they have become due for redemption but have not been redeemed.

On a winding up of the Company, any surplus of assets is first applied in paying the preference shareholders £1 per share plus any accrued dividend, then in paying the 'A' Ordinary shareholders £1 per share plus any accrued dividend and then in paying the 'B' Ordinary shareholders.

On 30 June 2005 the Company redeemed 25,500 preference shares of £1 each for par value.

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

19 Reserves

Group

	Capital redemption reserve £	Profit and loss account £
At 1 January 2005	916,335	532,142
Profit for the year	-	827,854
Shares redeemed	25,500	(25,500)
	<hr/>	<hr/>
At 31 December 2005	941,835	1,334,496
	<hr/>	<hr/>

Company

	Capital redemption reserve £	Profit and loss account £
At 1 January 2005	916,335	1,524,017
Profit for the year	-	701,538
Shares redeemed	25,500	(25,500)
	<hr/>	<hr/>
At 31 December 2005	941,835	2,200,055
	<hr/>	<hr/>

20 Reconciliation of movements in shareholders' funds

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Profit for the year	827,854	756,808	701,538	78
Purchase of own shares	-	(14,277)	-	(14,277)
Shares redeemed	(25,500)	(542,373)	(25,500)	(542,373)
	<hr/>	<hr/>	<hr/>	<hr/>
Net additions to/(deductions from) shareholders' funds	802,354	200,158	676,038	(556,572)
Opening shareholders' funds	10,918,781	10,718,623	11,910,656	12,467,228
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	11,721,135	10,918,781	12,586,694	11,910,656
	<hr/>	<hr/>	<hr/>	<hr/>

21 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	2005 Land and buildings £	2004 Land and buildings £
Operating leases which expire:		
Within one year	300,116	204,293
In two to five years	254,355	193,610
After five years	747,238	761,276
	<hr/>	<hr/>
	1,301,709	1,159,179
	<hr/>	<hr/>

The company had annual commitments under non-cancellable operating leases as set out below:

	2005 Land and buildings £	2004 Land and buildings £
Operating leases which expire:		
Within one year	230,066	131,664
In two to five years	182,175	140,260
After five years	579,582	587,662
	<hr/>	<hr/>
	991,823	859,586
	<hr/>	<hr/>

22 Related party disclosures

Included in loans (note 17) are amounts of £6,472,700 (2004 - £6,472,700) loaned from S G West and members of his family. Also included is a loan of £1,818,200 (2004 - £1,818,200) from M E Forde.

Included in loans (note 17) is an amount of £1,810,000 (2004 - £1,810,000) loaned from the German and Swedish pension fund in which S G West and M E Forde have beneficial interests.

23 Post balance sheet events

On 25 April 2006 the Company redeemed 26,400 preference shares of £1 each at par.

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

24 Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	2,804,453	2,653,766
Amortisation of intangible fixed assets	1,147,221	1,147,221
Depreciation of tangible fixed assets	858,949	766,627
Profit on sale of tangible fixed assets	(9,100)	(12,299)
Decrease/(increase) in stocks	1,004,654	(2,340,395)
(Increase)/decrease in debtors	(860,475)	27,931
Increase in creditors	1,012,874	869,422
	<hr/>	<hr/>
Net cash inflow from operating activities	5,958,576	3,112,273
	<hr/>	<hr/>

25 Reconciliation of net cash flow to movement in net debt

	2005 £	2004 £
Increase/(decrease) in cash	857,299	(1,820,118)
Cash outflow from changes in debt	2,072,000	1,916,692
	<hr/>	<hr/>
Movement in net debt	2,929,299	96,574
Opening net debt	(14,913,307)	(15,009,881)
	<hr/>	<hr/>
Closing net debt	(11,984,008)	(14,913,307)
	<hr/>	<hr/>

26 Analysis of net debt

	At 1 January 2005 £	Cash flow £	At 31 December 2005 £
Cash at bank and in hand	171,796	277,935	449,731
Bank overdrafts	(579,364)	579,364	-
		<u>857,299</u>	
Debt due within one year	(2,000,000)	-	(2,000,000)
Debt due after one year	(12,505,739)	2,072,000	(10,433,739)
	<u>(14,913,307)</u>	<u>2,929,299</u>	<u>(11,984,008)</u>
Total	<u>(14,913,307)</u>	<u>2,929,299</u>	<u>(11,984,008)</u>

27 Capital commitments

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Contracted but not provided for	-	57,122	-	43,170
	<u>-</u>	<u>57,122</u>	<u>-</u>	<u>43,170</u>