

**WALLACE MCDOWALL LIMITED**

**DIRECTORS' REPORT AND ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

***Company Registration No SC46491 (Scotland)***



WALLACE MCDOWALL LIMITED

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# WALLACE MCDOWALL LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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The directors present their report and financial statements for the year ended 31 December 2006

### Principal activities and review of the business

The principal activities of the company in the year under review are the provision of sub contract machining and sheet metal work services for OEM's and major supply chain companies

The Directors are encouraged by the continuing progress into improved margins during 2006. The relocation to new premises has now been completed and the resultant benefits are now visible through the improved performance over the last half of the year

### Results and dividends

The results for the year are set out on page 4

The directors do not recommend payment of an ordinary dividend

### Directors

The following directors have held office since 1 January 2006

Robert McKay	(Resigned 19 February 2007)
James Wilson	
Mark Doolan	

### Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary shares of £ 1 each	
	31 December 2006	1 January 2006
Robert McKay	256,000	256,000
James Wilson	16,000	16,000
Mark Doolan	16,000	16,000

### Redeemable ordinary shares of £ 1 each

	31 December 2006	1 January 2006
Robert McKay		
James Wilson		
Mark Doolan		

### Deferred ordinary shares of £ 1 each

	31 December 2006	1 January 2006
Robert McKay	167,176	167,176
James Wilson		
Mark Doolan		

None of the directors have any interest in the shares of the company's subsidiary

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that William Duncan & Co be reappointed as auditors of the company will be put to the Annual General Meeting

# WALLACE MCDOWALL LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

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### Directors' responsibilities

The directors are responsible for preparing 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 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 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

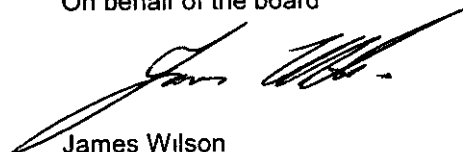
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



James Wilson  
**Director**  
17 April 2007

# WALLACE MCDOWALL LIMITED

## INDEPENDENT AUDITORS' REPORT TO WALLACE MCDOWALL LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

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We have examined the abbreviated accounts set out on pages 4 to 19, together with the financial statements of Wallace McDowall Limited for the year ended 31 December 2006 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

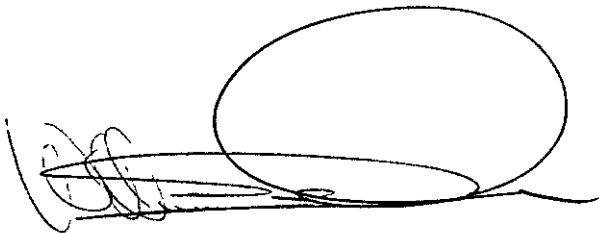
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

### Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

### Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



**William Duncan & Co**

17 April 2007

Chartered Accountants  
**Registered Auditor**

30 Miller Road  
Ayr  
KA7 2AY

# WALLACE MCDOWALL LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
<b>Gross profit</b>		1,015,919	776,648
Distribution costs		(252,251)	(204,711)
Administrative expenses		(401,003)	(306,478)
<b>Operating profit</b>	<b>2</b>	362,665	265,459
Investment income	<b>3</b>	105,000	
Other interest receivable and similar income		12,747	1,822
Interest payable and similar charges	<b>4</b>	(139,365)	(139,690)
<b>Profit on ordinary activities before taxation</b>		341,047	127,591
Tax on profit on ordinary activities	<b>5</b>	(75,090)	(30,176)
<b>Profit for the year</b>	<b>17</b>	265,957	97,415

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

### Note of historical cost profits and losses

	2006 £	2005 £
<b>Reported profit on ordinary activities before taxation</b>	341,047	127,591
Realisation of property revaluation gains of previous years	42,494	
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount		
<b>Historical cost profit on ordinary activities before taxation</b>	383,541	127,591
<b>Historical cost profit for the year retained after taxation, extraordinary items and dividends</b>	257,942	97,415

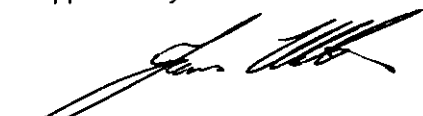
# WALLACE MCDOWALL LIMITED

## ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Tangible assets	7	1,608,035		1,673,903	
Investments	8	100		100	
		<u>1,608,135</u>		<u>1,674,003</u>	
<b>Current assets</b>					
Stocks	9	379,539		364,044	
Debtors	10	1,084,846		1,019,788	
Cash at bank and in hand		597,402		42,809	
		<u>2,061,787</u>		<u>1,426,641</u>	
<b>Creditors, amounts falling due within one year</b>	11	(2,361,488)		(1,915,684)	
<b>Net current liabilities</b>		<u>(299,701)</u>		<u>(489,043)</u>	
<b>Total assets less current liabilities</b>		<u>1,308,434</u>		<u>1,184,960</u>	
<b>Creditors amounts falling due after more than one year</b>	12	(461,565)		(610,640)	
<b>Provisions for liabilities</b>	13	(130,446)		(100,450)	
<b>Accruals and deferred income</b>	14	(157,833)		(70,728)	
		<u>558,590</u>		<u>403,142</u>	
<b>Capital and reserves</b>					
Called up share capital	16	487,176		547,176	
Revaluation reserve	17			42,494	
Other reserves	17	60,000			
Profit and loss account	17	11,414		(186,528)	
<b>Shareholders' funds</b>	18	<u>558,590</u>		<u>403,142</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies

Approved by the Board and authorised for issue on 17 April 2007

  
James Wilson  
Director

  
Mark Doolan  
Director

# WALLACE MCDOWALL LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	2006		2005	
	£	£	£	£
<b>Net cash inflow from operating activities</b>		685,493		430,858
<b>Returns on investments and servicing of finance</b>				
Interest received	12,747		1,822	
Interest paid	(111,357)		(112,086)	
Interest element of finance lease rentals	(28,008)		(27,604)	
Dividends received	105,000			
<b>Net cash outflow for returns on investments and servicing of finance</b>		(21,618)		(137,868)
<b>Taxation</b>		1		
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(192,144)		(144,915)	
Receipts from sales of tangible assets	500,000		12,500	
<b>Net cash inflow/(outflow) for capital expenditure</b>		307,856		(132,415)
<b>Equity dividends paid</b>		(50,509)		
<b>Net cash inflow before management of liquid resources and financing</b>		921,223		160,575
<b>Financing</b>				
Purchase of own shares	(60,000)			
Other new long term loans			50,000	
Other new short term loans	127,249		59,271	
Government grant received	116,000		80,000	
Repayment of long term bank loan	(315,400)		(16,600)	
Repayment of other long term loans	(33,115)		(28,721)	
Capital element of hire purchase contracts	(207,726)		(234,677)	
<b>Net cash outflow from financing</b>		(372,992)		(90,727)
<b>Increase in cash in the year</b>		548,231		69,848



# WALLACE MCDOWALL LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

1	Reconciliation of operating profit to net cash inflow from operating activities	2006	2005
		£	£
	Operating profit	362,665	265,459
	Depreciation of tangible assets	252,780	230,956
	(Profit)/loss on disposal of tangible assets	(33,388)	496
	Increase in stocks	(15,495)	(84,740)
	Increase in debtors	(65,058)	(82,583)
	Increase in creditors within one year	212,880	154,044
	Movement on grant provision	(28,891)	(52,774)
	<b>Net cash inflow from operating activities</b>	<b>685,493</b>	<b>430,858</b>

2	Analysis of net debt	1 January 2006	Cash flow	Other non cash changes	31 December 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	42,809	554,593		597,402
	Bank overdrafts	(29,769)	(6,362)		(36,131)
		<u>13,040</u>	<u>548,231</u>		<u>561,271</u>
	Debt				
	Finance leases	(441,657)	(253,658)		(695,315)
	Debts falling due within one year	(830,924)	(89,874)		(920,798)
	Debts falling due after one year	(346,552)	311,140		(35,412)
		<u>(1,619,133)</u>	<u>(32,392)</u>		<u>(1,651,525)</u>
	<b>Net debt</b>	<b>(1,606,093)</b>	<b>515,839</b>		<b>(1,090,254)</b>

3	Reconciliation of net cash flow to movement in net debt	2006	2005
		£	£
	Increase in cash in the year	548,231	69,848
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(32,392)	20,076
	<b>Movement in net debt in the year</b>	<b>515,839</b>	<b>89,924</b>
	Opening net debt	(1,606,093)	(1,696,017)
	<b>Closing net debt</b>	<b>(1,090,254)</b>	<b>(1,606,093)</b>

# WALLACE MCDOWALL LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Freehold	2% straight line
Leasehold Improvements	over the term of the lease
Plant and machinery	15 33 3% straight line
Motor vehicles	20% reducing balance

#### 1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

#### 1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

# WALLACE MCDOWALL LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 1 Accounting policies (continued)

#### 1 10 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

#### 1 11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2	Operating profit	2006 £	2005 £
	Operating profit is stated after charging		
	Depreciation of tangible assets	252,780	230,956
	Loss on disposal of tangible assets		496
	Operating lease rentals	29,979	30,000
	Auditors' remuneration	5,000	4,500
	and after crediting		
	Profit on disposal of tangible assets	(33,388)	
		<u>          </u>	<u>          </u>
3	Investment income	2006 £	2005 £
	Income from shares in group undertakings	105,000	
	Bank interest	12,747	1,822
		<u>117,747</u>	<u>1,822</u>
4	Interest payable	2006 £	2005 £
	On bank loans and overdrafts	91,014	80,114
	Lease finance charges and hire purchase interest	48,351	59,576
		<u>139,365</u>	<u>139,690</u>

# WALLACE MCDOWALL LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

5	Taxation	2006 £	2005 £
	<b>Domestic current year tax</b>		
	U K corporation tax	45,094	657
	<b>Current tax charge</b>	45,094	657
	<b>Deferred tax</b>		
	Deferred tax charge credit current year	29,996	29,519
		75,090	30,176
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	341,047	127,591
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 19.00%)	102,314	24,242
	Effects of		
	Non deductible expenses	2,355	(21,937)
	Depreciation add back	4,574	17,855
	Tax losses utilised	(2,649)	(18,685)
	Adjustments to previous periods	(657)	
	Other tax adjustments	(60,843)	(818)
		(57,220)	(23,585)
	<b>Current tax charge</b>	45,094	657
6	<b>Dividends</b>	2006 £	2005 £
	Ordinary interim paid	50,509	

# WALLACE MCDOWALL LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 7 Tangible fixed assets

	Land and buildings Freehold	Leasehold Improvements	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2006	490,980	77,180	2,477,832	152,789	3,198,781
Additions		20,705	632,819		653,524
Disposals	(490,980)		(79,491)		(570,471)
At 31 December 2006		97,885	3,031,160	152,789	3,281,834
<b>Depreciation</b>					
At 1 January 2006	46,985	10,738	1,424,291	42,864	1,524,878
On disposals	(54,815)		(49,044)		(103,859)
Charge for the year	7,830	18,012	204,954	21,984	252,780
At 31 December 2006		28,750	1,580,201	64,848	1,673,799
<b>Net book value</b>					
At 31 December 2006		69,135	1,450,959	87,941	1,608,035
At 31 December 2005	443,995	66,442	1,053,541	109,925	1,673,903

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery	Motor vehicles	Total
	£	£	£
<b>Net book values</b>			
At 31 December 2006	907,383	87,943	995,326
At 31 December 2005	437,502	109,927	547,429
<b>Depreciation charge for the year</b>			
At 31 December 2006	100,197	21,985	122,182
At 31 December 2005	71,559	25,938	97,497

# WALLACE MCDOWALL LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 8 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2006 & at 31 December 2006	100
<b>Net book value</b>	
At 31 December 2006	100
	<hr/>
At 31 December 2005	100
	<hr/>

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
SPS (Ayr) Limited	Scotland	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2006 £	Profit for the year 2006 £
	<b>Principal activity</b>		
SPS (Ayr) Limited	Metal fabrications	4,104	150,001
		<hr/>	<hr/>

### 9 Stocks and work in progress

	2006 £	2005 £
Raw materials and consumables	171,888	197,880
Work in progress	207,651	166,164
	<hr/>	<hr/>
	379,539	364,044
	<hr/>	<hr/>

# WALLACE MCDOWALL LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

10 Debtors	2006 £	2005 £
Trade debtors	1,010,182	879,132
Amounts owed by subsidiary undertakings	10,654	55,314
Other debtors	10,000	
Prepayments and accrued income	54,010	85,342
	<u>1,084,846</u>	<u>1,019,788</u>

The company's trade debtors are subject to a debt financing arrangement

11 Creditors amounts falling due within one year	2006 £	2005 £
Bank loans and overdrafts	956,929	860,693
Net obligations under finance leases and hire purchase contracts	269,162	177,569
Trade creditors	808,233	680,117
Corporation tax	45,752	657
Other taxes and social security costs	67,621	71,457
Other creditors	921	1,244
Accruals and deferred income	212,870	123,947
	<u>2,361,488</u>	<u>1,915,684</u>
Debt due in one year or less	<u>28,936</u>	<u>66,311</u>

The aggregate amount of creditors for which security has been given amounted to £1,226,091 (2005 £1,038,262)

Bank borrowings includes £891,862 in respect of advances arising from the company's debt financing arrangement (2005 £764,613)

# WALLACE MCDOWALL LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

12 Creditors amounts falling due after more than one year	2006 £	2005 £
Bank loans		282,200
Other loans	35,412	64,352
Net obligations under finance leases and hire purchase contracts	426,153	264,088
	<u>461,565</u>	<u>610,640</u>
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments		149,400
Wholly repayable within five years	956,210	1,028,076
	<u>956,210</u>	<u>1,177,476</u>
Included in current liabilities	(920,798)	(830,924)
	<u>35,412</u>	<u>346,552</u>
Instalments not due within five years		<u>149,400</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	12,500	62,136
In more than two years but not more than five years	22,916	135,016
In more than five years		<u>149,400</u>

The bank borrowings are secured by a Bond & Floating charge over the whole company assets and undertaking

Ayrshire Development Fund Limited and West of Scotland Loan Fund Limited hold the following security over their respective loans provided

There is a standard security with a Bond & Floating charge over the whole company assets and undertaking

Ayrshire Development Fund Limited loan 1, repaid at £14,095 p a , with interest charged at 3.5% over the company's base rate. The amount outstanding at the balance sheet date is £7,466 (2005 £21,561)  
Ayrshire Development Fund Limited loan 2, repaid at £16,932 p a , with interest charged at 3.5% over the company's base rate. The amount outstanding at the balance sheet date is £8,969 (2005 £25,902)

West of Scotland Loan Fund Limited repaid at £12,500 p a , with interest charged at 2% over the bank's base rate. The amount outstanding at the balance sheet date is £47,917 (2005 £50,000)

### Net obligations under finance leases and hire purchase contracts

Repayable within one year	243,424	177,569
Repayable between one and five years	451,891	264,088



# WALLACE MCDOWALL LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 12 Creditors amounts falling due after more than one year (continued)

	695,315	441,657
Included in liabilities falling due within one year	(269,162)	(177,569)
	<u>426,153</u>	<u>264,088</u>

The aggregate amount of creditors for which security has been given amounted to £461,565 (2005 £610,640)

### 13 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2006	100,450
Profit and loss account	29,996
Balance at 31 December 2006	<u>130,446</u>

The deferred tax liability is made up as follows

	2006 £	2005 £
Accelerated capital allowances	<u>130,446</u>	<u>100,450</u>

### 14 Accruals and deferred income

	Government grants £
Balance at 1 January 2006	70,724
Grants received during the year	116,000
Amortisation in the year	(28,891)
Balance at 31 December 2006	<u>157,833</u>

# WALLACE MCDOWALL LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 15 Pension costs

#### Defined contribution

	2006 £	2005 £
Contributions payable by the company for the year	36,023	22,137

### 16 Share capital

	2006 £	2005 £
<b>Authorised</b>		
646,277 Ordinary shares of £1 each	646,277	646,277
89,270 Redeemable ordinary shares of £1 each	89,270	89,270
167,176 Deferred ordinary shares of £1 each	167,176	167,176
	<u>902,723</u>	<u>902,723</u>
<b>Allotted, called up and fully paid</b>		
320,000 Ordinary shares of £1 each	320,000	320,000
Redeemable ordinary shares of £1 each		60,000
167,176 Deferred ordinary shares of £1 each	167,176	167,176
	<u>487,176</u>	<u>547,176</u>

The redemption of the redeemable shares took place on the 7 November 2006

The deferred ordinary shares do not carry any rights to participate in any profits of the company

# WALLACE MCDOWALL LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

### 17 Statement of movements on reserves

	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2006	42,494		(186,528)
Profit for the year			265,957
Transfer from revaluation reserve to profit and loss account	(42,494)		42,494
Purchase of own shares			(60,000)
Dividends paid			(50,509)
Movement during the year		60,000	
Balance at 31 December 2006		60,000	11,414

#### Other reserves

##### Capital redemption reserve

Capital redemption reserve increase	60,000
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Balance at 31 December 2006	60,000
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### 18 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	265,957	97,415
Dividends	(50,509)	
	215,448	97,415
Purchase of own shares	(60,000)	
Net addition to shareholders' funds	155,448	97,415
Opening shareholders' funds	403,142	305,727
Closing shareholders' funds	558,590	403,142

### 19 Financial commitments

At 31 December 2006 the company was committed to making the following payments under non cancellable operating leases in the year to 31 December 2007

	Land and buildings	
	2006 £	2005 £
Operating leases which expire Between two and five years	75,000	75,000

# WALLACE MCDOWALL LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

20 Directors' emoluments	2006 £	2005 £
Emoluments for qualifying services	155,107	136,597
Company pension contributions to money purchase schemes	8,999	7,119
	<u>164,106</u>	<u>143,716</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2005 2)

### 21 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Number of employees Production	93	77
Number of employees Administration	3	3
Number of employees Technical	3	4
Number of employees Sales	5	5
	<u>104</u>	<u>89</u>

#### Employment costs

	2006 £	2005 £
Wages and salaries	1,771,913	1,506,303
Social security costs	167,515	144,320
Other pension costs	36,023	22,137
	<u>1,975,451</u>	<u>1,672,760</u>

### 22 Ultimate parent company

Wallace McDowall Limited holds 100% of the share capital of SPS (Ayr) Limited. During the year to 31 December 2004 Wallace McDowall Limited made sales totalling £40,724 to SPS (Ayr) Limited, of which £8,001 is an outstanding debtor at 31 December 2004. Wallace McDowall Limited also made purchases to the value of £856 from SPS (Ayr) Limited, of which £127 is an outstanding creditor at 31 December 2004.

Included within 'Other Debtors' is an amount of £71,179, being an interest free loan to SPS (Ayr) Limited.

# **WALLACE MCDOWALL LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006**

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### **23 Post balance sheet events**

On 19th February 2007 the entire share capital of the company was sold to WMD Holdings Ltd. This was done as part of a management buyout and to facilitate the retirement of Robert McKay. Funds were passed over from Wallace McDowall Ltd to WMD Holdings Ltd to assist in the transaction. Since 19th February 2007 the company has been owned by WMD Holdings Ltd which in turn is owned by the directors and management of Wallace McDowall Ltd. As part of the transaction the obligatory financial assistance regulations were followed and the directors are satisfied with the outcome.