

**WALLACE MCDOWALL LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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

WEDNESDAY



\*SJW01A01\*

SCT

20/05/2009

855

COMPANIES HOUSE

# WALLACE MCDOWALL LIMITED

## COMPANY INFORMATION

---

**Directors**

James Wilson  
James Gillies  
Mark Doolan  
Alistair Simond

**Secretary**

James Wilson

**Company number**

SC46491

**Registered office**

Building 11C  
Spirit Aerosystems  
Tarbolton Road  
Monkton  
KA9 2RR

**Auditors**

William Duncan & Co.  
30 Miller Road  
Ayr  
KA7 2AY

**Business address**

Building 11C  
Spirit Aerosystems  
Tarbolton Road  
Monkton  
KA9 2RR

**Bankers**

Royal Bank of Scotland  
30 Sandgate  
Ayr  
KA7 1BY

**Solicitors**

Martin & Co.  
2 Wellington Square  
Ayr  
KA7 1EN

---

# **WALLACE MCDOWALL LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 19

---

# **WALLACE MCDOWALL LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2008**

---

The directors present their report and financial statements for the year ended 31 December 2008.

#### **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 very pleased with the results for the year, which show a further improvement on last year.

Turnover has continued to increase by 20% on the back of a 22% increase last year. This is due to a rise in orders from both new and existing customers, which reflects the growing reputation of the company in the industry.

Gross profit percentage has also continued to improve by over 2% and is indicative of the greater efficiency achieved through LEAN improvement projects undertaken throughout the year. This will continue through the 6 Sigma improvement projects over the next years. The gross profit improvement also reflects increased utilisation of labour and machinery during the year.

Borrowing has continued to drop resulting in the net debt reducing by 50%

The directors continue to focus on providing high quality service and expect the improvement in results to continue into the current financial year.

#### **Results and dividends**

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

#### **Directors**

The following directors have held office since 1 January 2008:

James Wilson

James Gillies

Mark Doolan

Alistair Simond

#### **Auditors**

In accordance with the company's articles, a resolution proposing that William Duncan & Co. be reappointed as auditors of the company will be put at a General Meeting.

# **WALLACE MCDOWALL LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

---

### **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 those financial statements, the directors are required to:

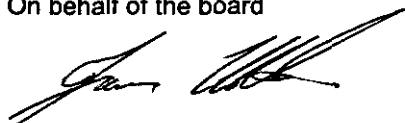
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



James Wilson

Director

16 April 2009

# **WALLACE MCDOWALL LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF WALLACE MCDOWALL LIMITED**

---

We have audited the financial statements of Wallace McDowall Limited for the year ended 31 December 2008 set out on pages 5 to 19. 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 the 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with 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.

# **WALLACE MCDOWALL LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

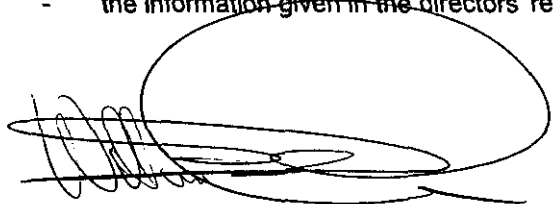
### **TO THE SHAREHOLDERS OF WALLACE MCDOWALL LIMITED**

---

#### **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 directors' report is consistent with the financial statements.



**William Duncan & Co.**

16 April 2009

**Chartered Accountants  
Registered Auditor**

30 Miller Road  
Ayr  
KA7 2AY

# WALLACE MCDOWALL LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 £	2007 £
Turnover	2	8,189,493	6,834,375
Cost of sales		(6,365,893)	(5,452,896)
Gross profit		1,823,600	1,381,479
Distribution costs		(309,076)	(258,337)
Administrative expenses		(639,583)	(556,397)
Other operating income		-	27,600
Operating profit	3	874,941	594,345
Investment income	4	-	125,000
Other interest receivable and similar income	4	41,122	29,079
Interest payable and similar charges	5	(131,207)	(140,006)
Profit on ordinary activities before taxation		784,856	608,418
Tax on profit on ordinary activities	6	(204,268)	(223,071)
Profit for the year	17	580,588	385,347

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.



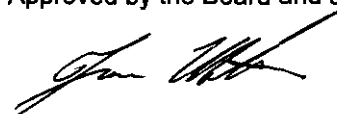
# WALLACE MCDOWALL LIMITED

## BALANCE SHEET

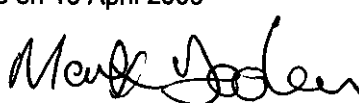
AS AT 31 DECEMBER 2008

	Notes	2008 £	£	2007 £	£
<b>Fixed assets</b>					
Tangible assets	7	1,704,638		1,874,382	
Investments	8	100		100	
		<u>1,704,738</u>		<u>1,874,482</u>	
<b>Current assets</b>					
Stocks	9	442,255		372,484	
Debtors	10	1,906,530		1,670,253	
Cash at bank and in hand		906,039		857,305	
		<u>3,254,824</u>		<u>2,900,042</u>	
<b>Creditors: amounts falling due within one year</b>	11	(2,689,540)		(2,775,935)	
<b>Net current assets</b>		<u>565,284</u>		<u>124,107</u>	
<b>Total assets less current liabilities</b>		<u>2,270,022</u>		<u>1,998,589</u>	
<b>Creditors: amounts falling due after more than one year</b>	12	(378,555)		(577,501)	
<b>Provisions for liabilities</b>	13	(191,675)		(236,684)	
<b>Accruals and deferred income</b>	14	(175,267)		(240,467)	
		<u>1,524,525</u>		<u>943,937</u>	
<b>Capital and reserves</b>					
Called up share capital	16	487,176		487,176	
Other reserves	17	60,000		60,000	
Profit and loss account	17	977,349		396,761	
<b>Shareholders' funds</b>	18	<u>1,524,525</u>		<u>943,937</u>	

Approved by the Board and authorised for issue on 16 April 2009



James Wilson  
Director



Mark Doolan  
Director

# WALLACE MCDOWALL LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	£	2008 £	£	2007 £
<b>Net cash inflow from operating activities</b>		1,013,955		525,402
<b>Returns on investments and servicing of finance</b>				
Interest received	41,122		29,079	
Interest paid	(110,483)		(114,620)	
Interest element of finance lease rentals	(20,724)		(25,386)	
Dividends received	-		125,000	
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>		(90,085)		14,073
<b>Taxation</b>		(116,833)		(45,751)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(257,958)		(289,954)	
Receipts from sales of tangible assets	1,500		99,070	
<b>Net cash outflow for capital expenditure</b>		(256,458)		(190,884)
<b>Net cash inflow before management of liquid resources and financing</b>		550,579		302,840
<b>Financing</b>				
Other new short term loans	-		125,483	
Government grant received	-		130,000	
Repayment of other long term loans	(12,500)		(28,935)	
Repayment of other short term loans	(209,022)		-	
Capital element of hire purchase contracts	(264,898)		(275,829)	
<b>Net cash outflow from financing</b>		(486,420)		(49,281)
<b>Increase in cash in the year</b>		64,159		253,559

# WALLACE MCDOWALL LIMITED

## NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

1	Reconciliation of operating profit to net cash inflow from operating activities	2008	2007
		£	£
	Operating profit	874,941	594,345
	Depreciation of tangible assets	422,192	321,868
	Loss on disposal of tangible assets	4,010	2,672
	(Increase)/decrease in stocks	(69,771)	7,055
	Increase in debtors	(236,277)	(585,407)
	Increase in creditors within one year	84,060	232,238
	Movement on grant provision	(65,200)	(47,369)
	<b>Net cash inflow from operating activities</b>	<b>1,013,955</b>	<b>525,402</b>

2	Analysis of net debt	1 January 2008	Cash flow	Other non-cash changes	31 December 2008
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	857,305	48,734	-	906,039
	Bank overdrafts	(42,475)	15,425	-	(27,050)
		<u>814,830</u>	<u>64,159</u>	<u>-</u>	<u>878,989</u>
	Debt:				
	Finance leases	(819,487)	264,898	-	(554,589)
	Debts falling due within one year	(1,029,845)	209,022	-	(820,823)
	Debts falling due after one year	(22,913)	12,500	-	(10,413)
		<u>(1,872,245)</u>	<u>486,420</u>	<u>-</u>	<u>(1,385,825)</u>
	<b>Net debt</b>	<b>(1,057,415)</b>	<b>550,579</b>	<b>-</b>	<b>(506,836)</b>

3	Reconciliation of net cash flow to movement in net debt	2008	2007
		£	£
	Increase in cash in the year	64,159	253,559
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	486,420	(220,720)
	<b>Movement in net debt in the year</b>	<b>550,579</b>	<b>32,839</b>
	Opening net debt	(1,057,415)	(1,090,254)
	<b>Closing net debt</b>	<b>(506,836)</b>	<b>(1,057,415)</b>

# WALLACE MCDOWALL LIMITED

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

---

### 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 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:

Leasehold Improve'ts	over the term of the lease
Plant and machinery	15-33.3% straight line
Motor vehicles	20% - 25% 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.

#### 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.

# WALLACE MCDOWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 1 Accounting policies

(continued)

#### 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 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Operating profit

	2008 £	2007 £
Operating profit is stated after charging:		
Depreciation of tangible assets	422,192	321,868
Loss on disposal of tangible assets	4,010	2,672
Operating lease rentals	112,500	105,000
Auditors' remuneration (including expenses and benefits in kind)	10,358	7,046

### 4 Investment income

	2008 £	2007 £
Income from shares in group undertakings	-	125,000
Bank interest	41,122	29,079
	<u>41,122</u>	<u>154,079</u>

### 5 Interest payable

	2008 £	2007 £
On bank loans and overdrafts	76,116	89,552
Lease finance charges and hire purchase interest	55,091	50,454
	<u>131,207</u>	<u>140,006</u>

# WALLACE MCDOWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

6	Taxation	2008 £	2007 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	249,277	116,833
	<b>Current tax charge</b>	<u>249,277</u>	<u>116,833</u>
	<b>Deferred tax</b>		
	Deferred tax (credit) / charge current year	(45,009)	30,718
	Adj. to deferred tax resulting from changes in tax rate	-	75,520
		<u>(45,009)</u>	<u>106,238</u>
		<u>204,268</u>	<u>223,071</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>784,856</u>	<u>608,418</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2007 - 30.00%)	<u>219,760</u>	<u>182,525</u>
	Effects of:		
	Non deductible expenses	482	2,735
	Depreciation add back	110,834	85,070
	Capital allowances	(75,008)	(107,487)
	Other tax adjustments	(6,791)	(46,010)
		<u>29,517</u>	<u>(65,692)</u>
	<b>Current tax charge</b>	<u>249,277</u>	<u>116,833</u>

# WALLACE MCDOWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 7 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2008	97,885	3,504,779	182,216	3,784,880
Additions	-	245,341	12,617	257,958
Disposals	-	-	(15,140)	(15,140)
At 31 December 2008	97,885	3,750,120	179,693	4,027,698
<b>Depreciation</b>				
At 1 January 2008	50,002	1,815,079	45,417	1,910,498
On disposals	-	-	(9,630)	(9,630)
Charge for the year	21,246	367,784	33,162	422,192
At 31 December 2008	71,248	2,182,863	68,949	2,323,060
<b>Net book value</b>				
At 31 December 2008	26,637	1,567,257	110,744	1,704,638
At 31 December 2007	47,883	1,689,700	136,799	1,874,382

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 2008	932,747	10,753	943,500
At 31 December 2007	1,168,065	18,726	1,186,791
<b>Depreciation charge for the year</b>			
At 31 December 2008	164,603	3,660	168,263
At 31 December 2007	130,100	9,555	139,655

# WALLACE MCDOWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 8 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2008 & at 31 December 2008	100

#### 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 2008 £	Profit/(loss) for the year 2008 £
	<b>Principal activity</b>		
SPS (Ayr) Limited	Dormant	2,298	-

### 9 Stocks and work in progress

	2008 £	2007 £
Raw materials and consumables	190,939	169,040
Work in progress	251,316	203,444
	<u>442,255</u>	<u>372,484</u>



# WALLACE MCDOWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

10 Debtors	2008 £	2007 £
Trade debtors	1,395,555	1,180,797
Amounts owed by parent and fellow subsidiary undertakings	450,000	450,000
Prepayments and accrued income	60,975	39,456
	<u>1,906,530</u>	<u>1,670,253</u>

Amounts falling due after more than one year and included in the debtors above are:

	2008 £	2007 £
Amounts owed by group undertakings	<u>450,000</u>	<u>450,000</u>

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

11 Creditors: amounts falling due within one year	2008 £	2007 £
Bank loans and overdrafts	847,873	1,072,320
Net obligations under finance leases and hire purchase contracts	186,447	264,899
Trade creditors	925,813	827,053
Amounts owed to subsidiary undertakings	2,298	33,859
Corporation tax	249,277	116,833
Other taxes and social security costs	162,755	116,776
Other creditors	33,565	95,039
Accruals and deferred income	281,512	249,156
	<u>2,689,540</u>	<u>2,775,935</u>

The aggregate amount of creditors for which security has been given amounted to £1,034,320 (2007-£1,337,219).

Bank borrowings includes £808,323 in respect of advances arising from the company's debt financing arrangement (2007 - £1,017,345).

# WALLACE MCDOWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

12 Creditors: amounts falling due after more than one year	2008 £	2007 £
Other loans	10,413	22,913
Net obligations under finance leases and hire purchase contracts	368,142	554,588
	<u>378,555</u>	<u>577,501</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	831,236	1,052,758
	<u>831,236</u>	<u>1,052,758</u>
Included in current liabilities	(820,823)	(1,029,845)
	<u>10,413</u>	<u>22,913</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	12,500	12,500
In more than two years but not more than five years	10,417	10,413
	<u>12,500</u>	<u>10,413</u>

The bank borrowings are secured by a Bond & Floating charge over all group assets and a £50,000 guarantee from WMD Holdings Limited.

West of Scotland Loan Fund Limited is repayable on the following basis:

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 £22,917 (2007 - £35,417).

Hire purchase liability is secured upon the assets to which the finance relates.

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

Repayable within one year	186,447	264,899
Repayable between one and five years	368,142	554,588
	<u>554,589</u>	<u>819,487</u>
Included in liabilities falling due within one year	(186,447)	(264,899)
	<u>368,142</u>	<u>554,588</u>

The aggregate amount of creditors for which security has been given amounted to £378,555 (2007 - £577,501).

# WALLACE MCDOWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 13 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2008	236,684
Profit and loss account	(45,009)
	<u>191,675</u>
Balance at 31 December 2008	<u>191,675</u>

The deferred tax liability is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	<u>191,675</u>	<u>236,684</u>

### 14 Accruals and deferred income

	Government grants £
Balance at 1 January 2008	240,467
Amortisation in the year	(65,200)
	<u>175,267</u>
Balance at 31 December 2008	<u>175,267</u>

### 15 Pension and other post-retirement benefit commitments Defined contribution

	2008 £	2007 £
Contributions payable by the company for the year	<u>185,247</u>	<u>103,195</u>

# WALLACE MCDOWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

16 Share capital	2008 £	2007 £
<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
167,176 Deferred ordinary shares of £1 each	167,176	167,176
	<u>487,176</u>	<u>487,176</u>

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

17 Statement of movements on reserves	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2008	60,000	396,761
Profit for the year	-	580,588
	<u>60,000</u>	<u>977,349</u>
<b>Other reserves</b>		
<b>Capital redemption reserve</b>		
Balance at 1 January 2008 & at 31 December 2008	<u>60,000</u>	

18 Reconciliation of movements in shareholders' funds	2008 £	2007 £
Profit for the financial year	580,588	385,347
Opening shareholders' funds	<u>943,937</u>	<u>558,590</u>
Closing shareholders' funds	<u>1,524,525</u>	<u>943,937</u>

# WALLACE MCDOWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 19 Financial commitments

At 31 December 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2009:

	Land and buildings	
	2008	2007
	£	£
Operating leases which expire:		
Within one year	112,500	-
Between two and five years	-	75,000
	<u>112,500</u>	<u>75,000</u>

### 20 Capital commitments

At 31 December 2008 the company had capital commitments as follows:

	2008	2007
	£	£
Contracted for but not provided in the financial statements	<u>49,000</u>	<u>-</u>

### 21 Directors' emoluments

	2008	2007
	£	£
Emoluments for qualifying services	303,827	211,146
Company pension contributions to money purchase schemes	128,015	84,326
	<u>431,842</u>	<u>295,472</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2007 - 4).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	112,625	82,569
Company pension contributions to money purchase schemes	<u>43,375</u>	<u>30,355</u>

# WALLACE MCDOWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 22 Employees

#### Number of employees

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

	2008 Number	2007 Number
Production	103	94
Administration	3	3
Technical	3	5
Selling/Purchasing	5	5
	<u>114</u>	<u>107</u>

#### Employment costs

	2008 £	2007 £
Wages and salaries	2,222,347	2,009,388
Social security costs	212,624	188,265
Other pension costs	185,247	103,195
	<u>2,620,218</u>	<u>2,300,848</u>

### 23 Control

The company is controlled by the directors by virtue of their shareholding in the parent company, WMD Holdings Ltd.

### 24 Related party transactions

Debtors includes £450,000 due to the company by the parent company, WMD Holdings Limited. There are no fixed terms for repayment of this loan, which is interest-free.