

"REGISTRAR"

ABRAM PULMAN & SONS LTD

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STATEMENT OF ACCOUNTS

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YEAR ENDED 31<sup>ST</sup> DECEMBER 2006

Number

56547 Registered in England

Address

WALTON STREET

SOWERBY BRIDGE

WEST YORKSHIRE

TUESDAY



A34

\*AJYDF07E\*

27/03/2007

COMPANIES HOUSE

571

SUTCLIFFE & RILEY  
Chartered Accountants  
3 Central Street  
HALIFAX  
HX1 1HU

**ABRAM PULMAN & SONS LTD**

**DIRECTORS' REPORT**

**for the year ended 31<sup>st</sup> December 2006**

**Registered Office**

Walton Street, Sowerby Bridge, West Yorkshire

**Number**

56547 Registered in England

**Review and Dividend**

The company has continued to trade as steel stockholders. The loss for the year was £22,144. A dividend of 50% is proposed amounting to £3,510 which when added to the loss for the year gives an amount of £25,654 to be deducted from the retained profits brought forward.

**The Future**

Forecasts for 2007 suggest that trading conditions will continue to be extremely difficult. However with the company now being involved in more diverse range of steel stockholding the directors believe the company is better placed to improve sales and are hopeful that a return to profitability will be achieved.

**Directors**

The directors who held office during the year are set out below together with their interests in the shares of the company:

|               | Shares Held           |                       |
|---------------|-----------------------|-----------------------|
|               | 31st December<br>2006 | 31st December<br>2005 |
| D N Shoesmith | 570                   | 570                   |
| J C Horner    | 10                    | 10                    |

**Fixed Assets**

The movements in fixed assets during the year are set out in note 1 of the notes to the Balance Sheet.

In the opinion of the directors the market value of the company's Land and Buildings exceeds the book value of £341,110 shown in the financial statements but are unable to quantify the excess since no recent professional valuation has been carried out.

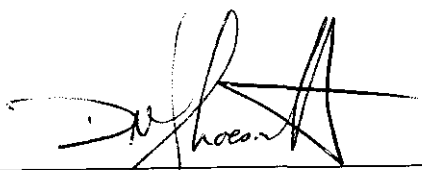
**Charitable Donations**

Charitable donations during the year amounted to £Nil (2005 £550). No political donations were made.

**Auditors**

A resolution proposing the re-appointment of Sutcliffe & Riley as auditors to the company will be put to the Annual General Meeting.

**Signed on behalf of the  
Board of Directors**

  
\_\_\_\_\_  
**D N SHOESMITH**  
Director

**Approved by the Board: 1<sup>st</sup> March 2007**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF ABRAM PULMAN & SONS LIMITED**

We have audited the financial statements of Abram Pulman & Sons Limited for the year ended 31 December 2006 on pages 4 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 4.

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 that 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, or the opinions we have formed.

#### **Respective Responsibilities of Directors and Auditors**

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:

- (a) Select suitable accounting policies and then apply them consistently;
- (b) Make judgements and estimates that are reasonable and prudent;
- (c) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d) 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.

In the case of each of the persons who are directors at the time when the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information 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 (s. 34ZA (2)).

Amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 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 transactions with the company 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.

**INDEPENDENT AUDITORS' REPORT CONTINUED**  
**TO THE SHAREHOLDERS OF ABRAM PULMAN & SONS LIMITED**

**Basis of Audit Opinion**

*We conducted our audit in accordance with United Kingdom Auditing Standards 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.*

**Opinion**

*In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> December 2006 and of its loss and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.*

**3 Central Street  
HALIFAX**

**1<sup>st</sup> March 2007**

  
**SUTCLIFFE & RILEY**  
**Chartered Accountants**  
**Registered Auditors**

STATEMENT OF ACCOUNTING POLICIES

31<sup>st</sup> December 2006

- (1) The accounts are prepared in accordance with the accounting practice principles set out in paragraphs 10 to 14 of Schedule 4 Part II Section A to the Companies Act 1985 and with applicable accounting standards.
- (2) Depreciation on tangible fixed assets is provided at rates calculated to write off the assets over their useful lives taking account of any residual value thereof.

The principal rates used are:

|  |  |
|--|--|
| Leasehold Land & Buildings                           | Over the outstanding term of the Lease |
| Freehold Land & Buildings                            | 5% p.a. reducing balance               |
| Plant & Machinery                                    | 10% p.a. reducing balance              |
| Cranes   | 20% p.a. reducing balance              |
| Fixtures & Fittings, Office Furniture<br>& Equipment | 10% p.a. reducing balance              |
| Motor Vehicles                                       | 25% p.a. reducing balance              |
| Computer Equipment                                   | 25% p.a. reducing balance              |

- (3) Stock is valued at the lower of cost or net realisable value. For this purpose cost comprises cost of direct materials and labour.
- (4) Any charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. In accordance with FRS19, deferred tax is not recognised on revaluation gains. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.
- (5) Turnover represents the value of goods sold by the company excluding VAT.
- (6) The company contributes to a defined contribution pension scheme. The assets of the scheme are held in a separately identifiable fund. The charge in the profit and loss account represents payments made to the scheme during the year.
- (7) The rental cost of assets acquired under operating leases is charged directly to the profit and loss account.
- (8) Tangible fixed assets purchased under hire purchase contracts are capitalised at a value equal to the cost of acquiring the asset and depreciated in the same manner as owned assets. The interest charges are charged to the profit and loss account over the period of the agreement.

**PROFIT & LOSS ACCOUNT**

**for the year ended 31<sup>st</sup> December 2006**

|   | Notes           | 2006               | 2005               |
|---|-----------------|--------------------|--------------------|
| Turnover  | (1)             | 6,376,327          | 5,739,750          |
| Cost of Sales   |                 | <u>4,494,584</u>   | <u>4,003,166</u>   |
| <b>GROSS PROFIT ON CONTINUING OPERATIONS</b>                |                 | 1,881,743          | 1,736,584          |
| Distribution Costs  | 1,447,138       |                    | 1,436,081          |
| Administrative Expenses                                     | 425,058         |                    | 448,817            |
| Other Operating Income – Rent Received                      | <u>(11,240)</u> | <u>1,860,956</u>   | <u>(5,439)</u>     |
| <b>OPERATING PROFIT/(LOSS) ON CONTINUING OPERATIONS</b>     | (2)             | 20,787             | (142,875)          |
| Interest Payable  | (3)             | <u>42,931</u>      | <u>37,803</u>      |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |                 | (22,144)           | (180,678)          |
| Taxation  | (5)             | <u>-</u>           | <u>1,253</u>       |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>                 |                 | (22,144)           | (181,931)          |
| Ordinary Dividends - Equity Shares                          |                 | <u>3,510</u>       | <u>3,510</u>       |
| <b>(DEFICIT)/SURPLUS</b>                                    |                 | (25,654)           | (185,441)          |
| Retained Profits Brought Forward                            |                 | <u>1,372,902</u>   | <u>1,558,343</u>   |
| <b>RETAINED PROFITS CARRIED FORWARD</b>                     |                 | <u>£ 1,347,248</u> | <u>£ 1,372,902</u> |

The notes on page 6 form part of this account

NOTES TO THE PROFIT & LOSS ACCOUNT

31<sup>st</sup> December 2006

2006

2005

(1) Turnover:

The whole of the company's turnover relates to the United Kingdom and is attributable to its principal activity of steel stockholders.

(2) The Operating Profit (Loss) is stated after charging/(crediting):

|   |           |           |
|---|-----------|-----------|
| Wages & Salaries  | £ 911,000 | £ 845,823 |
| Social Security Costs   | £ 120,014 | £ 118,729 |
| Pension Costs   | £ 15,731  | £ 13,632  |
| Auditors' Remuneration  | £ 6,500   | £ 7,500   |
| Depreciation on Tangible Fixed Assets:                                |           |           |
| Owned by the Company  | £ 73,255  | £ 73,776  |
| Held Under Hire Purchase Contracts                                    | £ 15,803  | £ 17,368  |
| Operating Lease Rentals - Motor Vehicles, Computer & Office Equipment | £ 88,831  | £ 91,779  |
| Operating Lease Rentals - Land & Buildings                            | £ 22,000  | £ 22,000  |
| (Profit) Loss on Disposal of Tangible Fixed Assets                    | £ (2,556) | £ 1,201   |

(3) Interest (Payable)/Receivable:

|   |                   |                   |
|---|-------------------|-------------------|
| Bank Interest and Other Interest Received | 3,617             | 3,776             |
| Commercial Finance Charges                | (40,629)          | (33,654)          |
| Interest on Bank Overdraft & Bank Loan    | (152)             | (2,322)           |
| Interest on Hire Purchase Contracts       | <u>(5,767)</u>    | <u>(5,603)</u>    |
|   | £ <u>(42,931)</u> | £ <u>(37,803)</u> |

(4) Directors Emoluments:

Emoluments of the individual directors were as follows:

|               | Salary<br>& Fees | Benefits<br>in Kind | Total<br>2006    | Total<br>2005    |
|---------------|------------------|---------------------|------------------|------------------|
| D N Shoesmith | 113,939          | 1,516               | 115,455          | 120,240          |
| J C Horner    | 112,760          | 2,174               | 114,934          | 119,718          |
|               | <u>£ 226,699</u> | <u>£ 3,690</u>      | <u>£ 230,389</u> | <u>£ 239,958</u> |

Contributions made to money purchase pension schemes were as follows:

|               | 2006            | 2005            |
|---------------|-----------------|-----------------|
| D N Shoesmith | 18,000          | 18,000          |
| J C Horner    | <u>18,000</u>   | <u>18,000</u>   |
|               | £ <u>36,000</u> | £ <u>36,000</u> |

(5) Taxation:

|                                  |            |                |
|----------------------------------|------------|----------------|
| Tax payable under S419 ICTA 1988 | -          | 1,250          |
| Underprovision in previous year  | <u>-</u>   | <u>3</u>       |
|                                  | £ <u>-</u> | £ <u>1,253</u> |

There are trading losses for taxation purposes available to carry forward and set off against future trading profits of £415,496. (2005 £408,092).

- (6) The average number of employees was 49 49
- (7) The company has no recognised gains or losses other than the profit for the year and therefore does not provide a statement of recognised gains and losses.

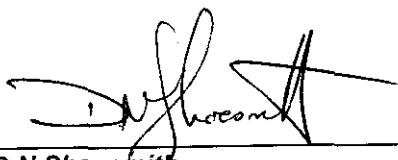
**BALANCE SHEET**

as at 31<sup>st</sup> December 2006

|  | Notes | 2006               | 2005               |
|--|-------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                            |       |                    |                    |
| Tangible Assets                                | (1)   | 718,905            | 774,859            |
| Investments                                    | (2)   | <u>18,000</u>      | <u>18,000</u>      |
|  |       | 736,905            | 792,859            |
| <b>CURRENT ASSETS</b>                          |       |                    |                    |
| Stock & Work in Progress                       | (3)   | 759,650            | 759,651            |
| Debtors  | (4)   | 1,690,426          | 1,256,845          |
| Cash in Hand & Bank                            |       | <u>147,958</u>     | <u>159,976</u>     |
|  |       | 2,598,034          | 2,176,472          |
| <b>CREDITORS PAYABLE WITHIN ONE YEAR</b>       | (5)   | <u>1,912,726</u>   | <u>1,487,714</u>   |
| <b>NET CURRENT ASSETS</b>                      |       | <u>685,308</u>     | <u>688,758</u>     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>   |       | 1,422,213          | 1,481,617          |
| <b>CREDITORS PAYABLE IN MORE THAN ONE YEAR</b> | (6)   | 50,430             | 84,180             |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>  | (7)   | <u>-</u>           | <u>-</u>           |
|  |       | <u>50,430</u>      | <u>84,180</u>      |
|  |       | <u>£ 1,371,783</u> | <u>£ 1,397,437</u> |
| <b>CAPITAL AND RESERVES</b>                    |       |                    |                    |
| Called up Share Capital                        | (8)   | 7,020              | 7,020              |
| Reserves                                       | (9)   | 17,515             | 17,515             |
| Profit & Loss Account                          |       | <u>1,347,248</u>   | <u>1,372,902</u>   |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>              |       | <u>£ 1,371,783</u> | <u>£ 1,397,437</u> |

The notes on pages 8 to 11 form part of this account

Signed on behalf of the  
Board of Directors

  
D N Shoesmith  
Director

Approved by the Board: 1<sup>st</sup> March 2007



NOTES TO THE BALANCE SHEET

31<sup>st</sup> December 2006

(1) Tangible Fixed Assets are:

|                          | Land &<br>Buildings | Plant<br>&<br>Machinery | Fixtures<br>Fittings<br>Office<br>Furniture<br>& Equipment | Motor<br>Vehicles | Total              |
|--------------------------|---------------------|-------------------------|--|-------------------|--------------------|
| <b>Cost</b>              |                     |                         |  |                   |                    |
| 1.1.06                   | 825,713             | 788,544                 | 351,648  | 150,241           | 2,116,146          |
| Additions                | -                   | 20,950                  | -  | 29,865            | 50,815             |
| Disposals                | -                   | (15,385)                | -  | (47,560)          | (62,945)           |
| 31.12.06                 | <u>£ 825,713</u>    | <u>£ 794,109</u>        | <u>£ 351,648</u>   | <u>£ 132,546</u>  | <u>£ 2,104,016</u> |
| <b>Depreciation</b>      |                     |                         |  |                   |                    |
| 1.1.06                   | 452,992             | 508,733                 | 273,371  | 106,191           | 1,341,287          |
| Years Charge             | 31,611              | 30,438                  | 13,657   | 13,352            | 89,058             |
| Elimination on Disposals | -                   | (12,749)                | -  | (32,485)          | (45,234)           |
| 31.12.06                 | <u>£ 484,603</u>    | <u>£ 526,422</u>        | <u>£ 287,028</u>   | <u>£ 87,058</u>   | <u>£ 1,385,111</u> |
| <b>Book Value</b>        |                     |                         |  |                   |                    |
| 31.12.06                 | <u>£ 341,110</u>    | <u>£ 267,687</u>        | <u>£ 64,620</u>  | <u>£ 45,488</u>   | <u>£ 718,905</u>   |
| 31.12.05                 | <u>£ 372,721</u>    | <u>£ 279,811</u>        | <u>£ 78,277</u>  | <u>£ 44,050</u>   | <u>£ 774,859</u>   |

2006 2005

The book value of Land and Buildings comprises:

|                 |                  |                  |
|-----------------|------------------|------------------|
| Freehold        | 272,881          | 287,243          |
| Short Leasehold | <u>68,229</u>    | <u>85,478</u>    |
|                 | <u>£ 341,110</u> | <u>£ 372,721</u> |

The net book value of tangible fixed assets includes £124,923 (2005 £149,628) in respect of assets held under hire purchase contracts.

(2) Investments are:

|  |                 |                 |
|--|-----------------|-----------------|
| Listed Investment at Cost (Market Value 31/12/06 £437) | -               | -               |
| Holiday Property Bonds at Cost                         | <u>18,000</u>   | <u>18,000</u>   |
|  | <u>£ 18,000</u> | <u>£ 18,000</u> |

The Holiday Property Bonds, which are in the form of two life assurance policies effected on the lives of the directors give the life assured entitlement to holidays in a personal capacity. The bonds have a surrender value at the year end date. However the Company expects to hold the bonds for at least two years and therefore the bonds are shown at cost since there is considered to be no permanent diminution in value.

NOTES TO THE BALANCE SHEET CONTINUED

31<sup>st</sup> December 2006

2006

2005

(3) Stock & Work in Progress comprise:

|                  |                  |                  |
|------------------|------------------|------------------|
| Raw Materials    | 754,549          | 756,702          |
| Work in Progress | <u>5,101</u>     | <u>2,949</u>     |
|                  | £ <u>759,650</u> | £ <u>759,651</u> |

(4) Debtors Comprise:

|                               |                    |                    |
|-------------------------------|--------------------|--------------------|
| Due after more than one year: |                    |                    |
| Other Debtors                 | 22,546             | 22,546             |
| Due within one year:          |                    |                    |
| Trade Debtors                 | 1,660,667          | 1,212,133          |
| Other Debtors                 | -                  | -                  |
| Prepayments                   | <u>7,213</u>       | <u>22,166</u>      |
|                               | £ <u>1,690,426</u> | £ <u>1,256,845</u> |

Included within other debtors are interest free unsecured loans to the directors totalling £22,546 being loans to D N Shoesmith £10,000 and J C Horner £12,546. The maximum amount outstanding during the year was from D N Shoesmith £10,000 and J C Horner £12,546.

(5) Creditors falling due within one year are:

|                                    |                    |                    |
|------------------------------------|--------------------|--------------------|
| Commercial Finance                 | 469,904            | 417,307            |
| Bank Loan Instalments (note 6)     | -                  | 19,644             |
| Hire Purchase Instalments (note 6) | 33,750             | 39,025             |
| Trade Creditors                    | 1,210,212          | 851,325            |
| Corporation Tax                    | -                  | 1,250              |
| Taxation & Social Security         | 140,458            | 108,587            |
| Accruals                           | 54,888             | 46,679             |
| Proposed Dividend                  | 3,510              | 3,510              |
| Other Creditors                    | <u>4</u>           | <u>387</u>         |
|                                    | £ <u>1,912,726</u> | £ <u>1,487,714</u> |

The commercial finance is secured by a debenture creating a fixed and floating charge on all the assets of the company.

(6) Creditors payable in more than one year are:

|                         |                 |                 |
|-------------------------|-----------------|-----------------|
| Bank Loan               | -               | -               |
| Hire Purchase Contracts | <u>50,430</u>   | <u>84,180</u>   |
|                         | £ <u>50,430</u> | £ <u>84,180</u> |

The bank loan and overdraft (note 5) are secured by a legal charge over a part of the company's freehold land and buildings

The bank loan outstanding at the year end amounted to £Nil (2005 £19,644) being repayable by monthly instalments over 5 years commencing July 2001 as follows:

|                            |            |                 |
|----------------------------|------------|-----------------|
| Within one year            | -          | 19,644          |
| Between one and two years  | -          | -               |
| Between two and five years | <u>-</u>   | <u>-</u>        |
|                            | £ <u>-</u> | £ <u>19,644</u> |

NOTES TO THE BALANCE SHEET CONTINUED

31<sup>st</sup> December 2006

|  | 2006            | 2005             |
|--|-----------------|------------------|
| (6) Creditors payable in more than one year continued:   |                 |                  |
| Obligations under hire purchase contracts mature as follows:   |                 |                  |
| Within one year  | 38,919          | 44,792           |
| Between one and five years   | <u>59,503</u>   | <u>98,422</u>    |
|  | 98,422          | 143,214          |
| Less interest and charges allocated to future periods  | <u>14,242</u>   | <u>20,009</u>    |
|  | £ <u>84,180</u> | £ <u>123,205</u> |
| Hire purchase contracts are analysed as follows:   |                 |                  |
| Current obligations  | 33,750          | 39,025           |
| Non current obligations  | <u>50,430</u>   | <u>84,180</u>    |
|  | £ <u>84,180</u> | £ <u>123,205</u> |
| The hire purchase contracts are secured on the assets concerned.   |                 |                  |
| (7) Provision for liabilities and charges are:   |                 |                  |
| The Company has no provision for deferred taxation.  |                 |                  |
| The Company has a deferred taxation asset, not recognised, which comprises:  |                 |                  |
| Timing Differences Unrelieved Tax Losses   | 124,649         | 122,427          |
| Capital Allowances   | <u>(66,002)</u> | <u>(64,842)</u>  |
|  | £ <u>58,647</u> | £ <u>57,585</u>  |
| The deferred taxation asset has not been recognised because the unrelieved losses for taxation purposes are expected to exceed any taxable profits of the company for the foreseeable future.            |                 |                  |
| (8) The called up share capital is:  |                 |                  |
| Authorised: £5 Ordinary Shares   | £ <u>25,000</u> | £ <u>25,000</u>  |
| Allotted & Fully Paid: £5 Ordinary Shares  | £ <u>7,020</u>  | £ <u>7,020</u>   |
| (9) Reserves are:  |                 |                  |
| Capital Reserve  | 312             | 312              |
| Share Premium Account  | 188             | 188              |
| Capital Redemption Reserve   | <u>17,015</u>   | <u>17,015</u>    |
|  | £ <u>17,515</u> | £ <u>17,515</u>  |
| The Capital Redemption Reserve represents the nominal value of 3,403 ordinary £5 shares purchased by the company from its shareholders under a written resolution dated 20 <sup>th</sup> September 2000. |                 |                  |
| (10) Capital Commitments:  |                 |                  |
| Capital expenditure authorised by the directors:   |                 |                  |
| a) For which contracts had been placed   | £ -             | £ 20,950         |
| b) Not yet subject to contract   | £ -             | £ -              |

NOTES TO THE BALANCE SHEET CONTINUED

31<sup>st</sup> December 2006

2006

2005

- (11) *There is a contingent liability in respect of corporation tax on the capital gain arising on the sale of Freehold Property, which has been rolled over against the cost of new buildings acquired. Additional Capital Gains Tax likely to arise on future sale of the Freehold Property is estimated to be*

£ 41,000

£ 41,000

- (12) *Operating Lease Commitments:*

*The company had the following annual commitments under non cancellable operating leases:*

- a) *Computer, Office Equipment and Motor Vehicles:  
Expiring within one year*

£ 9,835

£ 53,342

*Expiring within two and five years*

£ 41,912

£ 39,042

- b) *Land and Buildings:  
Expiring within one year*

£ -

£ -

*Expiring within two and five years*

£ -

£ -

*Expiring after five years*

£ 22,000

£ 22,000

- (13) *Reconciliation of movements in Shareholders' Funds:*

*(Loss)/Profit for the Financial Year  
Dividends*

(22,144)

(181,931)

(3,510)

(3,510)

*Net (Reduction)/Addition to Shareholders' Funds  
Opening Shareholders' Funds*

(25,654)

(185,441)

1,397,437

1,582,878

*Closing Shareholders' Funds*

£ 1,371,783

£ 1,397,437

- (14) *Related Parties:*

- a) *The company leases land and buildings owned by the directors' pension scheme under a ten year lease dated 1<sup>st</sup> December 2000. A normal commercial rent of £22,000 was payable during the year and at the year end date no amount was outstanding.*

- b) *Additional related party information relative to directors' loan is given in note 5.*

**CASH FLOW STATEMENT**

for the year ended 31<sup>st</sup> December 2006

|   | Notes | 2006               | 2005               |
|---|-------|--------------------|--------------------|
| <b>Reconciliation of Operating Profit/(Loss)<br/>with net Cash Flow from Operating<br/>Activities</b> |       |                    |                    |
| Operating profit/(loss) on continuing activities  |       | 20,787             | (142,875)          |
| Depreciation charges and adjustments on sale<br>of fixed assets                                       |       | 86,502             | 92,345             |
| Decrease (Increase) in Stocks   |       | 1                  | 46,442             |
| Decrease (Increase) in Debtors  |       | (433,581)          | 186,566            |
| Increase (Decrease) in Creditors  |       | <u>398,584</u>     | <u>(157,040)</u>   |
| Net cash flow from operating activities   |       | £ <u>72,293</u>    | £ <u>25,438</u>    |
| <b>Cash Flow Statement</b>  |       |                    |                    |
| Net cash flow from operating activities above   |       | 72,293             | 25,438             |
| Returns on investments less servicing<br>of finance   | 1(a)  | (42,931)           | (37,803)           |
| Taxation (Paid)/Repaid  |       | (1,250)            | (218)              |
| Capital Expenditure   | 1(b)  | (50,815)           | (176,746)          |
| Proceeds on Disposals of Tangible Fixed Assets  |       | <u>20,267</u>      | <u>3,000</u>       |
|   |       | (2,436)            | (186,329)          |
| Equity Dividends Paid   |       | <u>(3,510)</u>     | <u>(3,510)</u>     |
|   |       | (5,946)            | (189,839)          |
| Management of Liquid Resources  | 1(c)  | -                  | -                  |
| Financing   | 1(d)  | <u>(58,669)</u>    | <u>72,349</u>      |
| (Reduction)/Increase in cash in period  |       | £ <u>(64,615)</u>  | £ <u>(117,490)</u> |
| <b>Reconciliation of Cash Flow with<br/>Movement in Net Funds (Debt)</b>                              |       |                    |                    |
| (Reduction)/Increase in cash in period as above   |       | (64,615)           | (117,490)          |
| Hire Purchase Contracts taken out in Year   |       | -                  | (139,770)          |
| Bank Loan Repayments  |       | 19,644             | 37,568             |
| Capital Element of Hire Purchase Contracts Repayment  |       | 39,025             | 29,853             |
| Cash used to Increase (Reduce) Liquid Reserves  | 1(c)  | <u>-</u>           | <u>-</u>           |
| Change in Net Funds (Debt)  |       | (5,946)            | (189,839)          |
| Net Funds (Debt) on 1/1/06  | 2     | <u>(400,180)</u>   | <u>(210,341)</u>   |
| Net Funds (Debt) on 31/12/05  | 2     | £ <u>(406,126)</u> | £ <u>(400,180)</u> |

The notes on page 13 form part of this statement

NOTES TO THE CASH FLOW STATEMENT

for the year ended 31<sup>st</sup> December 2006

|   | 2006              | 2005              |
|---|-------------------|-------------------|
| <b>(1) Gross Cash Flows</b>                                 |                   |                   |
| <b>(a) Returns on Investment and Servicing of Finance</b>   |                   |                   |
| Interest Received   | 3,617             | 3,776             |
| Interest Paid   | <u>(46,548)</u>   | <u>(41,579)</u>   |
|   | £ <u>(42,931)</u> | £ <u>(37,803)</u> |
| <b>(b) Capital Expenditure</b>                              |                   |                   |
| Tangible Fixed Assets                                       | 50,815            | 176,746           |
| Investments   | <u>-</u>          | <u>-</u>          |
|   | £ <u>50,815</u>   | £ <u>176,746</u>  |
| <b>(c) Management of Liquid Resources</b>                   |                   |                   |
| Placed on Deposits at notice                                | -                 | -                 |
| Withdrawn from Deposits at notice                           | <u>-</u>          | <u>-</u>          |
|   | £ <u>-</u>        | £ <u>-</u>        |
| <b>(d) Financing</b>  |                   |                   |
| Hire Purchase Contracts                                     | -                 | 139,770           |
| Bank Loan Repayments  | (19,644)          | (37,568)          |
| Capital Element of Repayments under Hire Purchase Contracts | <u>(39,025)</u>   | <u>(29,853)</u>   |
|   | £ <u>(58,669)</u> | £ <u>72,349</u>   |

**(2) Analysis of Changes in Net Funds (Debt)**

|                           | 1/1/06             | 31/12/06           | <b>Cash Flows</b> |                    |
|---------------------------|--------------------|--------------------|-------------------|--------------------|
|                           |                    |                    | 2006              | 2005               |
| Cash in Hand & at Bank    | 159,976            | 147,958            | (12,018)          | 4,452              |
| Overdrafts                | -                  | -                  | -                 | -                  |
| Commercial Finance        | (417,307)          | (469,904)          | <u>(52,597)</u>   | <u>(121,942)</u>   |
|                           |                    |                    | (64,615)          | (117,940)          |
| Debt due within 1 Year    | (19,644)           | -                  | 19,644            | 20,741             |
| Debt due after 1 Year     | -                  | -                  | -                 | 16,827             |
| Hire Purchase Contracts   | (123,205)          | (84,180)           | 39,025            | (109,917)          |
| Current Asset Investments | <u>-</u>           | <u>-</u>           | <u>-</u>          | <u>-</u>           |
| Net Funds (Debt)          | £ <u>(400,180)</u> | £ <u>(406,126)</u> | £ <u>(5,946)</u>  | £ <u>(189,839)</u> |