

Company Registration No. 57091 (England and Wales)

FURLONG MILLS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006



FURLONG MILLS LIMITED

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FURLONG MILLS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

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

Principal activities and review of the business

The principal activity of the company continued to be that of supplying processed materials to the ceramic industry

The results for the year are shown in the profit and loss account 2006 was a very positive year for the company in which sales and profit levels were gained through the instigation of strong product development Information obtained through market research programmes will lead the company in new business directions during 2007 The traded/re-sale side of the business continues to be expanded with capital investment planned for warehousing facilities during 2007

Results and dividends

The results for the year are set out on page 4

The directors do not recommend the payment of a dividend

Market value of land and buildings

The valuation of land and buildings determined by an external firm of chartered surveyors in 2004 indicated that the value on an open market basis was £700,000

It is the opinion of the directors that the land and buildings will continue to be used for their existing purposes for the foreseeable future and therefore do not consider the open market value basis to be appropriate

Directors

The following directors have held office since 1 January 2006

C B Dudson
M J Roper
J E Adams
B W J Phillips
R E Gruning

Directors' interests

Messrs C B Dudson, M J Roper and B W J Phillips as directors of certain of the company's major customers, have interests in contracts for the supply of materials by the company These contracts are on normal commercial terms

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company

Auditors

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

FURLONG MILLS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

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

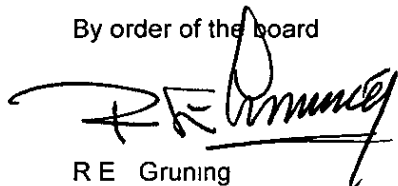
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

By order of the board



R E Gruning
Secretary

31 May 2007

FURLONG MILLS LIMITED

INDEPENDENT AUDITORS' REPORT TO FURLONG MILLS LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985 UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of Furlong Mills 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.



Geens

31 May 2007

Chartered Accountants
Registered Auditor

68 Liverpool Road
Stoke-on-Trent
Staffordshire
ST4 1BG

FURLONG MILLS LIMITED

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

	Notes	2006 £	2005 £
Gross profit		967,341	837,828
Distribution costs		(130,043)	(136,086)
Administrative expenses		(584,908)	(585,578)
Operating profit	2	252,390	116,164
Other interest receivable and similar income		32,106	22,819
Profit on ordinary activities before taxation		284,496	138,983
Tax on profit on ordinary activities	4	(58,884)	(26,561)
Profit for the year	12	225,612	112,422

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 £
Reported profit on ordinary activities before taxation	284,496	138,983
Realisation of property revaluation gains of previous years	-	-
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	2,424	2,424
Historical cost profit on ordinary activities before taxation	286,920	141,407
Historical cost profit for the year retained after taxation, extraordinary items and dividends	228,036	114,846

FURLONG MILLS LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2006

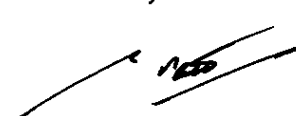
	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	5	2,582,933		2,743,238	
Current assets					
Stocks	6	578,376		497,780	
Debtors	7	743,586		730,501	
Cash at bank and in hand		1,686,262		1,180,106	
		<u>3,008,224</u>		<u>2,408,387</u>	
Creditors: amounts falling due within one year	8	<u>(948,136)</u>		<u>(724,012)</u>	
Net current assets		2,060,088		1,684,375	
Total assets less current liabilities		<u>4,643,021</u>		<u>4,427,613</u>	
Provisions for liabilities	9	<u>(226,206)</u>		<u>(236,410)</u>	
		<u>4,416,815</u>		<u>4,191,203</u>	
Capital and reserves					
Called up share capital	11	7,540		7,540	
Revaluation reserve	12	1,760		4,184	
Other reserves	12	2,860		2,860	
Profit and loss account	12	4,404,655		4,176,619	
Shareholders' funds	13	<u>4,416,815</u>		<u>4,191,203</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 31 May 2007



C B Dudson
Director



B W J Phillips
Director

FURLONG MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	2006		2005	
	£	£	£	£
Net cash inflow from operating activities		590,423		596,292
Returns on investments and servicing of finance				
Interest received	32,106		22,819	
Net cash inflow for returns on investments and servicing of finance		32,106		22,819
Taxation		(23,011)		(80,535)
Capital expenditure				
Payments to acquire tangible assets	(97,359)		(254,036)	
Receipts from sales of tangible assets	3,997		2,500	
Net cash outflow for capital expenditure		(93,362)		(251,536)
Net cash inflow before management of liquid resources and financing		506,156		287,040
Management of liquid resources				
Bank deposits	(116,919)		(116,919)	
		(116,919)		(116,919)
Increase in cash in the year		170,121		170,121

FURLONG MILLS 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	252,390		116,164	
	Depreciation of tangible assets	248,698		250,978	
	Loss on disposal of tangible assets	4,969		2,714	
	(Increase)/decrease in stocks	(80,596)		84,353	
	(Increase)/decrease in debtors	(13,085)		331,145	
	Increase/(decrease) in creditors within one year	178,047		(189,062)	
	Net cash inflow from operating activities	590,423		596,292	
2	Analysis of net funds	1 January 2006	Cash flow	Other non-cash changes	31 December 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	186,919	170,121	-	454,345
	Liquid resources				
	Bank deposits	706,147	116,919	-	1,231,917
	Net funds	1,180,106	506,156	-	1,686,262
3	Reconciliation of net cash flow to movement in net funds	2006		2005	
		£		£	
	Increase in cash in the year	170,121		170,121	
	Cash outflow from increase in liquid resources	116,919		116,919	
	Movement in net funds in the year	506,156		287,040	
	Opening net funds	1,180,106		893,066	
	Closing net funds	1,686,262		1,180,106	

FURLONG MILLS LIMITED

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

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

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

All turnover and profits are derived from the company's principal activity of supplying processed materials to the ceramic industry which is continuing

1.4 Tangible fixed assets and depreciation

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

Land and buildings Freehold	2% per annum
Plant and machinery	7% per annum

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account

No depreciation is provided on freehold land

1.5 Stock and work in progress

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

1.6 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

1.7 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

2 Operating profit

	2006 £	2005 £
Operating profit is stated after charging		
Depreciation of tangible assets	248,698	250,978
Loss on disposal of tangible assets	4,969	2,714
Auditors' remuneration	5,475	5,938

FURLONG MILLS LIMITED

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

3	Investment income	2006	2005
		£	£
	Bank interest	32,106	22,819
		<u> </u>	<u> </u>
4	Taxation	2006	2005
		£	£
	Domestic current year tax		
	U K corporation tax	67,904	21,828
	Adjustment for prior years	1,184	-
		<u> </u>	<u> </u>
	Current tax charge	69,088	21,828
	Deferred tax		
	Deferred tax charge credit current year	(10,204)	4,733
		<u> </u>	<u> </u>
		58,884	26,561
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	284,496	138,983
		<u> </u>	<u> </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005 - 19.00%)	54,054	26,407
		<u> </u>	<u> </u>
	Effects of		
	Non deductible expenses	249	155
	Depreciation add back	47,253	47,686
	Capital allowances	(39,174)	(52,936)
	Adjustments to previous periods	1,184	-
	Chargeable disposals	944	516
	Other tax adjustments	4,578	-
		<u> </u>	<u> </u>
		15,034	(4,579)
		<u> </u>	<u> </u>
	Current tax charge	69,088	21,828
		<u> </u>	<u> </u>

FURLONG MILLS LIMITED

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

5 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2006	1,933,439	3,784,232	5,717,671
Additions	-	97,359	97,359
Disposals	-	(69,182)	(69,182)
At 31 December 2006	1,933,439	3,812,409	5,745,848
Depreciation			
At 1 January 2006	446,910	2,527,523	2,974,433
On disposals	-	(60,216)	(60,216)
Charge for the year	35,828	212,870	248,698
At 31 December 2006	482,738	2,680,177	3,162,915
Net book value			
At 31 December 2006	1,450,701	1,132,232	2,582,933
At 31 December 2005	1,486,529	1,256,709	2,743,238

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 January 2006 & at 31 December 2006	21,291
Depreciation based on cost	
At 1 January 2006	21,291
Charge for the year	-
At 31 December 2006	21,291
Net book value	
At 31 December 2006	-
At 31 December 2005	-

FURLONG MILLS LIMITED

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

6	Stocks and work in progress	2006	2005
		£	£
	Raw materials and consumables	308,239	210,275
	Work in progress	201,483	217,890
	Finished goods and goods for resale	68,654	69,615
		<u>578,376</u>	<u>497,780</u>
7	Debtors	2006	2005
		£	£
	Trade debtors	665,356	628,661
	Other debtors	10,002	986
	Prepayments and accrued income	68,228	100,854
		<u>743,586</u>	<u>730,501</u>
8	Creditors: amounts falling due within one year	2006	2005
		£	£
	Trade creditors	642,872	589,592
	Corporation tax	67,905	21,828
	Other taxes and social security costs	154,270	55,660
	Other creditors	16,308	23,297
	Accruals and deferred income	66,781	33,635
		<u>948,136</u>	<u>724,012</u>

FURLONG MILLS LIMITED

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

9 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2006	236,410
Profit and loss account	(10,204)
	<hr/>
Balance at 31 December 2006	226,206
	<hr/> <hr/>

The deferred tax liability is made up as follows:

	2006 £	2005 £
Accelerated capital allowances	226,206	236,410
	<hr/>	<hr/>

The revaluation of properties does not constitute a timing difference and the potential amount of deferred tax on this has therefore not been quantified

10 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2006 £	2005 £
Contributions payable by the company for the year	30,634	34,170
	<hr/>	<hr/>

11 Share capital

	2006 £	2005 £
Authorised		
12,000 Ordinary of £1 each	12,000	12,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
7,540 Ordinary of £1 each	7,540	7,540
	<hr/>	<hr/>

FURLONG MILLS LIMITED

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

12 Statement of movements on reserves

	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2006	4,184	2,860	4,176,619
Profit for the year	-	-	225,612
Transfer from revaluation reserve to profit and loss account	(2,424)	-	2,424
Balance at 31 December 2006	1,760	2,860	4,404,655

Other reserves

Capital redemption reserve

Balance at 1 January 2006 & at 31 December 2006

2,860

13 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	225,612	112,422
Opening shareholders' funds	4,191,203	4,078,781
Closing shareholders' funds	4,416,815	4,191,203

14 Capital commitments

	2006 £	2005 £
At 31 December 2006 the company had capital commitments as follows		
Contracted for but not provided in the financial statements	72,357	61,301

15 Directors' emoluments

	2006 £	2005 £
Emoluments for qualifying services	126,957	131,359
Sums paid to third parties for directors' services	30,000	30,000
	156,957	161,359

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

FURLONG MILLS LIMITED

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

16 Employees

Number of employees

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

	2006 Number	2005 Number
Management and directors	7	9
Staff	4	4
Direct and indirect labour	20	21
	<u>31</u>	<u>34</u>

Employment costs

	2006 £	2005 £
Wages and salaries	289,088	286,793
Other pension costs	30,634	34,170
	<u>319,722</u>	<u>320,963</u>