

Stephen Walters & Sons Limited
Financial statements
For the year ended 31 March 2007

Grant Thornton 



Company No. 00060209

Company information

Company registration number	00060209
Registered office	Sudbury Silk Mills Cornard Road Sudbury Suffolk CO10 2XB
Directors	Mr D J Walters Mr J S Walters Mr T Sunman Mr J D Walters Miss J McSorley Mr B Crabtree Mr M James
Secretary	Mrs I T Hyde
Bankers	Lloyds TSB Bank plc Abbey National Plc
Solicitors	Birkett Long
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Crown House Crown Street IPSWICH Suffolk IP1 3HS

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2007

Principal activities and business review

The company is principally engaged in the weaving of fabrics from silk and other fibres

Turnover decreased by 7.9% to £7.0m, with gross margin down from 42.9% to 36.0%

With operating charges up by 7.0%, due mainly to increased staff costs, the company made a net loss before tax of 12.4% on sales (2006 - profit of 1.4%)

Liquidity remains strong, with a liquidity ratio of 1.3 (2006 - 1.5)

The directors are disappointed with the result for the year and anticipate a return to profitability in the coming year

Results and dividends

The loss for the year amounted to £841,776. The directors have not recommended a dividend

Financial risk management objectives and policies

The company aims to minimise financial risk in its operations by the identification and mitigation of key risk areas. The key areas of risk identified by the directors are market risk, price risk, credit risk and currency risk.

The measures used by the directors to manage general financial, market and price risks include the preparation of profit and loss budgets and the regular monitoring of actual performance against these budgets.

Credit risk, as identified by the directors, arises from the company's trade debtors. In order to manage credit risk the directors set limits for customers and ensure that credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

The directors have identified that the company is exposed to translation and transaction foreign exchange risk. The directors are implementing foreign currency forecasts which will be regularly monitored to analyse the exposure to foreign currency gains or losses, and identify any necessary actions.

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	31 March 2007	1 April 2006
Mr D J Walters	-	-
Mr J S Walters	-	-
Mr T Sunman	-	-
Mr J D Walters	-	-
Miss J McSorley	-	-
Mr B Crabtree	-	-
Mr M James	-	-
	<hr/>	<hr/>

The interests of the directors in the shares of the ultimate parent undertaking are shown in those accounts

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 these 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.

In so far as the directors are aware

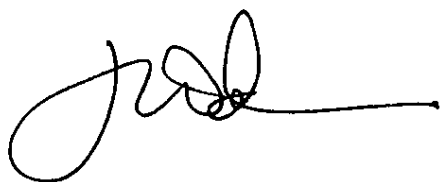
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

The auditors Grant Thornton UK LLP, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by members on 16 December 2003

ON BEHALF OF THE BOARD

Director
J D Walters
12 December 2007

A handwritten signature in black ink, appearing to be 'JD Walters', with a long horizontal line extending to the right.

Grant Thornton 

Report of the independent auditor to the members of Stephen Walters & Sons Limited

We have audited the financial statements of Stephen Walters & Sons Limited for the year ended 31 March 2007 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 29. 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 auditor's 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 directors and auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Report of the independent auditor to the members of Stephen Walters & Sons Limited (continued)

Basis of 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.

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 March 2007 and of its loss 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 Report of the Directors is consistent with the financial statements



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

IPSWICH

18 December 2007

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Invoices are raised when goods are despatched.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	15 - 33%
Fixtures & Fittings	-	20%
Motor Vehicles	-	20%

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes amounts incurred in bringing each product to its present location and condition.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

Defined contribution scheme

The pension costs charged against profits represent the amount of contributions payable to the scheme in respect of the accounting period

Defined benefit scheme

The company is accounting for the defined benefit scheme as a defined contribution scheme as the employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Investments

Shares in the subsidiary undertaking are included at original cost less any amounts written off for permanent diminution in value.

Foreign currency transactions

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transition. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, except for those assets and liabilities which are covered by forward exchange contracts.

All exchange gains and losses in the normal course of business are taken to the profit and loss account.

Profit and loss account

	Note	2007 £	2006 £
Turnover	1	7,032,228	7,638,917
Cost of sales		4,499,078	4,359,468
Gross profit		2,533,150	3,279,449
Other operating charges	2	3,398,559	3,177,920
Operating (loss)/profit	3	(865,409)	101,529
Income from shares in group undertakings	6	—	24,244
Interest receivable	7	82,680	54,547
Amounts written off investments	8	(751)	(26,849)
Interest payable and similar charges	9	(85,543)	(46,618)
(Loss)/profit on ordinary activities before taxation		(869,023)	106,853
Tax on (loss)/profit on ordinary activities	10	(27,247)	46,481
(Loss)/profit for the financial year	23	(841,776)	60,372

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	11	1,031,143	1,277,719
Investments	12	—	751
		1,031,143	1,278,470
Current assets			
Stocks	13	1,041,480	1,155,589
Debtors	14	2,999,623	2,097,869
Cash at bank and in hand		605,565	2,004,146
		4,646,668	5,257,604
Creditors: amounts falling due within one year	15	3,577,159	3,593,646
Net current assets		1,069,509	1,663,958
Total assets less current liabilities		2,100,652	2,942,428
Provisions for liabilities			
Deferred taxation	17	40,000	40,000
		2,060,652	2,902,428
Capital and reserves			
Called-up equity share capital	21	32,466	32,466
Other reserves	22	19,558	19,558
Profit and loss account	23	2,008,628	2,850,404
Shareholders' funds	24	2,060,652	2,902,428

These financial statements were approved by the directors on 12/12/07 and are signed on their behalf by



Director
J D Walters

The accompanying accounting policies and notes form part of these financial statements.

Cash flow statement

	Note	2007 £	2006 £
Net cash (outflow)/inflow from operating activities	25	(2,557,313)	1,113,325
Returns on investments and servicing of finance			
Income from group undertakings		–	24,244
Interest received		82,680	54,547
Interest paid		(85,543)	(46,618)
Net cash (outflow)/inflow from returns on investments and servicing of finance		(2,863)	32,173
Taxation		192,112	–
Capital expenditure			
Payments to acquire tangible fixed assets		(140,459)	(605,607)
Receipts from sale of fixed assets		16,851	3,651
Net cash outflow from capital expenditure		(123,608)	(601,956)
(Decrease)/increase in cash	26	(2,491,672)	543,542

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover by geographical market has not been disclosed as the directors consider that such analysis would be seriously prejudicial to the business.

2 Other operating charges

	2007 £	2006 £
Distribution costs	696,445	754,391
Administrative expenses	2,702,114	2,423,529
	<u>3,398,559</u>	<u>3,177,920</u>

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of owned fixed assets	381,035	321,042
Profit on disposal of fixed assets	(16,851)	(5,800)
Auditor's remuneration		
Audit fees	21,165	19,538
Operating lease costs		
Other	<u>103,750</u>	<u>100,750</u>

4 Directors and employees

The average number of staff employed by the company during the financial year amounted to

	2007	2006
	No	No
Textile operatives	82	91
Administration	49	44
	<u>131</u>	<u>135</u>

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	2,763,652	2,773,882
Social security costs	259,803	352,843
Other pension costs	412,957	255,092
	<u>3,436,412</u>	<u>3,381,817</u>

5 Directors

Remuneration in respect of directors was as follows

	2007	2006
	£	£
Emoluments receivable	449,276	476,141
Value of company pension contributions	113,703	39,945
	<u>562,979</u>	<u>516,086</u>

Emoluments of highest paid director

	2007	2006
	£	£
Total emoluments (excluding pension contributions)	86,857	87,074
Value of company pension contributions	70,000	13,200
	<u>156,857</u>	<u>100,274</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2007	2006
	No	No
Money purchase schemes	4	4
Defined benefit schemes	4	4
	<u>4</u>	<u>4</u>

6 Income from shares in group undertakings

	2007 £	2006 £
Income from group undertakings	—	<u>24,244</u>

7 Interest receivable

	2007 £	2006 £
Bank interest receivable	<u>82,680</u>	<u>54,547</u>

8 Amounts written off investments

	2007 £	2006 £
Amount written off investments	<u>751</u>	<u>26,849</u>

9 Interest payable and similar charges

	2007 £	2006 £
Interest payable on bank borrowing	<u>85,543</u>	<u>46,618</u>

10 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 19% (2006 - 19%)	<u>(27,247)</u>	<u>16,181</u>
Total current tax	<u>(27,247)</u>	<u>16,181</u>
Deferred tax		
Origination and reversal of timing differences	—	<u>30,300</u>
Tax on (loss)/profit on ordinary activities	<u>(27,247)</u>	<u>46,481</u>

10 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2006 - 19%)

	2007 £	2006 £
(Loss)/profit on ordinary activities before taxation	(869,023)	106,853
Profit/(loss) on ordinary activities multiplied by standard rate of tax in the UK of 19% (2006 - 19%)	(165,114)	20,302
Expenses not deductible for tax purposes	5,106	23,974
Depreciation for the year in excess of capital allowances	10,240	(30,121)
Adjustments to tax charge in respect of previous periods	(27,247)	-
Other timing differences	9,261	-
Group relief	18,229	2,026
Unrelieved tax losses	122,278	-
Total current tax (note 10(a))	(27,247)	16,181

No payment is received for group relief

11 Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 April 2006	4,609,904	1,524,920	134,780	6,269,604
Additions	13,320	127,139	-	140,459
Disposals	(317,117)	(419,430)	(25,000)	(761,547)
At 31 March 2007	4,306,107	1,232,629	109,780	5,648,516
Depreciation				
At 1 April 2006	3,748,292	1,164,943	78,650	4,991,885
Charge for the year	245,182	123,417	18,436	387,035
On disposals	(317,117)	(419,430)	(25,000)	(761,547)
At 31 March 2007	3,676,357	868,930	72,086	4,617,373
Net book value				
At 31 March 2007	629,750	363,699	37,694	1,031,143
At 31 March 2006	861,612	359,977	56,130	1,277,719

12 Investments

	Total £
Cost	
At 1 April 2006 and 31 March 2007	<u>550,100</u>
Amounts written off	
At 1 April 2006	549,349
Written off in year	<u>751</u>
At 31 March 2007	<u>550,100</u>
Net book value	
At 31 March 2007	<u>-</u>
At 31 March 2006	<u>751</u>

Shares in group undertakings represents 100% of the issued share capital of Alipes 82, an unlimited investment company, being 100 £1 A ordinary shares and 5,500 conditional fixed dividend preference shares of £1 each. Alipes 82 is incorporated in the United Kingdom.

At 31 March 2006, the aggregate share capital and reserves of Alipes 82 were £751. The directors consider that this investment no longer has any value and consequently it has been written off.

13 Stocks

	2007 £	2006 £
Raw materials	634,943	676,584
Work in progress	155,059	186,104
Finished goods	251,478	292,901
	<u>1,041,480</u>	<u>1,155,589</u>

14 Debtors

	2007 £	2006 £
Trade debtors	994,261	1,166,929
Amounts owed by group undertakings	435,974	101,880
Corporation tax repayable	40,691	205,556
Other debtors	1,322,118	527,749
Prepayments and accrued income	206,579	95,755
	<u>2,999,623</u>	<u>2,097,869</u>

15 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank overdrafts	2,114,088	1,020,997
Trade creditors	115,075	327,416
Amounts owed to group undertakings	1,121,761	1,855,522
Other taxation and social security	39,894	87,542
Other creditors	48,871	48,482
Amounts owed to related undertakings	14,024	18,438
Accruals and deferred income	123,446	235,249
	<u>3,577,159</u>	<u>3,593,646</u>

Included within creditors due within one year is £36,754 (2006 - £92,179) relating to outstanding pension contributions

The bank overdrafts are secured on the assets of the company and also by various cross guarantees (see note 19)

16 Pensions

Defined contribution scheme

The company operates defined contribution pension schemes. The assets of the schemes are administered by trustees in a fund independent from those of the company.

The pension cost charge for the year was £159,293 (2006 - £158,013)

Defined benefit scheme

In previous years, the company operated a multi employer defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the scheme were administered by trustees in a fund independent from those of the company. The scheme was closed to new members with effect from 1 April 2001.

In accordance with Financial Reporting Standard No 17, the company has accounted for the defined benefit scheme as a defined contribution scheme as the employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

The pension cost charge for the year was £253,664 (2006 - £97,079)

After the year end, deferred annuities have been purchased for all remaining members of the pension scheme, and the pension scheme has been wound up. No further liability has fallen on the company in addition to amounts already accounted for.

17 Deferred taxation

The movement in the deferred taxation provision during the year was

	2007 £	2006 £
Provision brought forward	40,000	9,700
Profit and loss account movement arising during the year	-	30,300
Provision carried forward	<u>40,000</u>	<u>40,000</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2007		2006	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	40,000	-	40,000	-
Other timing differences	-	20,000	-	19,500
	<u>40,000</u>	<u>20,000</u>	<u>40,000</u>	<u>19,500</u>

18 Derivatives

During the year, the company used forward contracts to minimise exposure to foreign currency movements. At 31 March 2007, the fair value of this arrangement was £1,369

19 Contingent liabilities

The company has entered into an unlimited guarantee in connection with overdraft facilities provided to Glemsford Silk Mills Limited, David Walters Fabrics Limited, and Spitalfields Fabrics Limited

A guarantee has been given in favour of H M Revenue and Customs up to a limit of £50,000 (2006 - £50,000)

20 Related party transactions

During the year there were the following transactions with group undertakings and related parties

	2007 £	2006 £
Walters Holdings Limited		
Rent paid	102,000	102,000
David Walters Fabrics Limited		
Sale of goods	210,410	248,138
Trade purchases	131,255	81,694
Sale of management services	60,000	60,000
Glemsford Silk Mills Limited		
Sale of goods	2,886	37,464
Trade purchases	1,478,056	1,541,963
Sale of management services	36,600	36,600
Humphries Weaving Company Limited		
Sale of management services	10,726	3,000
Walters Trading Company Limited		
Sale of goods	76,241	—
Spitalfields Fabrics Limited		
Payment of design royalties	105,270	116,133
Mr P B Walters		
Purchase of consultancy fees	—	8,433

All of the above transactions were at arms length on normal commercial terms

Depreciation of £6,000 was recharged from Stephen Walters & Sons Limited to David Walters Fabrics Limited, as this company utilised the assets

Mr P B Walters is the father of D J Walters, a director of the company

At 31 March 2007, the following balances existed with group undertakings and related parties

Walters Holdings Limited

Creditor	(714,716)	(1,478,350)
Debtor	48,400	—

David Walters Fabrics Limited

Creditor	(157,999)	(9,334)
Debtor	279,895	86,699

Glemsford Silk Mills Limited

Creditor	(225,555)	(342,005)
Debtor	78,241	6,100

Walters Trading Company Limited

Creditor	(22,661)	(25,833)
Debtor	23,794	—

Humphries Weaving Company Limited

Creditor	(830)	—
Debtor	5,644	9,081

Spitalfields Fabrics Limited

Creditor	(14,024)	(18,438)
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Walters Holdings Limited is this company's parent undertaking. David Walters Fabrics Limited, Glemsford Silk Mills Limited, Humphries Weaving Company Limited and Walters Trading Company Limited are fellow subsidiaries. Spitalfields Fabrics Limited is a related company due to common control by the Walters family.

21 Share capital

Authorised share capital

	2007	2006
	£	£
63,750 Ordinary shares of £1 each	63,750	63,750
11,250 Preference shares of £1 each	11,250	11,250
	<u>75,000</u>	<u>75,000</u>

Allotted, called up and fully paid

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>32,466</u>	<u>32,466</u>	<u>32,466</u>	<u>32,466</u>

22 Other reserves

	2007	2006
	£	£
Capital redemption reserve	<u>19,558</u>	<u>19,558</u>

23 Profit and loss account

	2007 £	2006 £
Balance brought forward	2,850,404	2,790,032
(Loss)/profit for the financial year	(841,776)	60,372
Balance carried forward	<u>2,008,628</u>	<u>2,850,404</u>

24 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
(Loss)/profit for the financial year	(841,776)	60,372
Opening shareholders' funds	2,902,428	2,842,056
Closing shareholders' funds	<u>2,060,652</u>	<u>2,902,428</u>

25 Reconciliation of operating (Loss)/profit to net cash (outflow)/inflow from operating activities

	2007 £	2006 £
Operating (loss)/profit	(865,409)	101,529
Depreciation	387,035	321,042
Profit on disposal of fixed assets	(16,851)	(5,800)
Decrease/(increase) in stocks	114,109	(210,377)
Increase in debtors	(1,066,619)	(555,886)
(Decrease)/increase in creditors	(1,109,578)	1,462,817
Net cash (outflow)/inflow from operating activities	<u>(2,557,313)</u>	<u>1,113,325</u>

26 Reconciliation of net cash flow to movement in net debt

	2007 £	2006 £
(Decrease)/Increase in cash in the period	(2,491,672)	543,542
Movement in net debt in the period	<u>(2,491,672)</u>	<u>543,542</u>
Net funds at 1 April 2006	983,149	439,607
Net debt at 31 March 2007	<u>(1,508,523)</u>	<u>983,149</u>

27 Analysis of changes in net debt

	At 1 Apr 2006 £	Cash flows £	At 31 Mar 2007 £
Net cash			
Cash in hand and at bank	2,004,146	(1,398,581)	605,565
Overdrafts	(1,020,997)	(1,093,091)	(2,114,088)
	<u>983,149</u>	<u>(2,491,672)</u>	<u>(1,508,523)</u>
Net debt	<u>983,149</u>	<u>(2,491,672)</u>	<u>(1,508,523)</u>

28 Capital commitments

The directors have confirmed that there were no capital commitments at 31 March 2007 or 31 March 2006

29 Controlling related party

Walters Holdings Limited is this company's parent undertaking. The Walters family is this company's ultimate controlling related party by virtue of its shareholdings in the ultimate parent undertaking Walters Holdings Limited.