

DEREK GLADWIN LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED

30TH SEPTEMBER 2005

**Thain Wildbur
Chartered Accountants
36/38 King Street
King's Lynn
Norfolk
PE30 1ES**



DEREK GLADWIN LIMITED

DIRECTORS' REPORT **FOR THE YEAR ENDED 30TH SEPTEMBER 2005**

The directors present their report and the accounts for the year ended 30th September 2005.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of vehicle accident repairs and painting specialists.

The company continues to increase turnover whilst consolidating its position. It has not opened any further units during the course of the year and the directors are satisfied with the company's progress.

RESULTS AND DIVIDENDS

The results for the year are set out on page 4 - 5.

The directors do not recommend payment of a final dividend.

FIXED ASSETS

The directors consider that the market value of freehold land and buildings is in excess of the amount shown in the accounts but, as these assets are used in the company's business and no disposals are envisaged, the excess is not quantified.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2005	2004
H.R. DEATH	750	750
MRS. S.J. DEATH	-	-

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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 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.

DEREK GLADWIN LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

AUDITORS

The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. Thain Wildbur will be deemed to be reappointed for each succeeding financial year.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

This report was approved by the Board on 14th June 2006 and signed on its behalf by

A handwritten signature in dark ink, appearing to read 'S.J. Death', is written over a horizontal dotted line.

Mrs. S.J. Death
Director

AUDITORS REPORT TO DEREK GLADWIN LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 - 5 to 18 together with the financial statements of Derek Gladwin Limited for the year ended 30th September 2005 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing abbreviated accounts in accordance with Section 226 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 accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

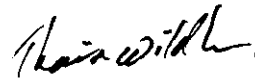
BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 30th September 2005, and the abbreviated accounts on pages 4 - 5 to 18 are properly prepared in accordance with that provision.

Dated: 14th June 2006



**Thain Wildbur
Registered Auditors
36/38 King Street
King's Lynn
Norfolk
PE30 1ES**

DEREK GLADWIN LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

		Continuing operations	
		2005	2004
	Notes	£	£
GROSS PROFIT		2,751,761	2,555,373
Administrative expenses		(2,564,888)	(1,655,696)
OPERATING PROFIT	2	186,873	899,677
Interest receivable and similar income	3	5,213	489
Interest payable and similar charges	4	(62,336)	(62,502)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		129,750	837,664
Tax on profit on ordinary activities	6	(13,186)	(242,441)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		116,564	595,223
Dividends	7	-	(540,000)
RETAINED PROFIT FOR THE YEAR		116,564	55,223
RETAINED PROFIT BROUGHT FORWARD		490,218	434,995
RETAINED PROFIT CARRIED FORWARD		606,782	490,218

This statement should be read in conjunction with the note on the following page.

The notes on pages 8 to 18 form an integral part of these financial statements.

DEREK GLADWIN LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2005	2004
	£	£
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	116,564	595,223
Unrealised movement on revaluation of certain fixed assets	(12,220)	(765)
Total recognised gains relating to the year	<u>104,344</u>	<u>594,458</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

DEREK GLADWIN LIMITED

BALANCE SHEET
AS AT 30TH SEPTEMBER 2005

		2005		2004	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	8/9		2,053,193		2,046,821
CURRENT ASSETS					
Stocks	10	101,536		108,483	
Debtors	11	1,170,559		1,123,878	
Cash at bank and in hand		275,363		295,636	
		<u>1,547,458</u>		<u>1,527,997</u>	
CREDITORS:					
amounts due within one year	12	<u>(1,940,233)</u>		<u>(1,967,802)</u>	
NET CURRENT LIABILITIES			<u>(392,775)</u>		<u>(439,805)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,660,418		1,607,016
CREDITORS:					
amounts due after more than one year	13		(876,356)		(914,398)
PROVISION FOR LIABILITIES AND CHARGES	15		<u>(32,185)</u>		<u>(45,085)</u>
NET ASSETS			<u>751,877</u>		<u>647,533</u>
CAPITAL AND RESERVES					
Called up share capital	16		750		750
Revaluation reserve	17		142,095		154,315
Other reserves	17		2,250		2,250
Profit and loss account	17		606,782		490,218
SHAREHOLDERS FUNDS	18		<u>751,877</u>		<u>647,533</u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated accounts were approved by the Board on 14th June 2006 and signed on its behalf by


.....
Director

The notes on pages 8 to 18 form an integral part of these financial statements.

DEREK GLADWIN LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

	Notes	2005 £	2004 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit		186,873	899,677
Depreciation		144,812	105,642
Decrease in stocks		6,947	(13,130)
(Increase) in debtors		(46,681)	(83,918)
Increase in creditors		717,262	187,286
Net cash inflow from operating activities		<u>1,009,213</u>	<u>1,095,557</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		1,009,213	1,095,557
Returns on investments and servicing of finance	19	(57,123)	(62,013)
Taxation	19	(237,256)	(152,174)
Capital expenditure	19	(142,604)	(154,365)
		<u>572,230</u>	<u>727,005</u>
Equity dividends paid		(540,000)	(275,000)
		<u>32,230</u>	<u>452,005</u>
Financing	19	(60,348)	(69,533)
Decrease in cash in the year		<u>(28,118)</u>	<u>382,472</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 20)

Decrease in cash in the year	(28,118)	382,472
Cash outflow from increase in debts and lease financing	60,348	69,533
Change in net debt resulting from cash flows	<u>32,230</u>	<u>452,005</u>
New finance leases	(20,800)	-
Movement in net debt in the year	<u>11,430</u>	<u>452,005</u>
Net debt at 1st October 2004	(990,357)	(1,442,362)
Net debt at 30th September 2005	<u>(978,927)</u>	<u>(990,357)</u>

DEREK GLADWIN LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30TH SEPTEMBER 2005**

1. ACCOUNTING POLICIES

1.1. Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales and work done during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight Line over the life of the lease
Plant and machinery	-	15% reducing balance
Fixtures, fittings and equipment	-	15% reducing balance/20% straight line
Motor vehicles	-	25% reducing balance

The directors consider that freehold properties are maintained in such a state of repair that their residual value is at least equal to their net book value. As a result the corresponding depreciation would not be material and therefore is not charged in the profit and loss account.

The directors perform annual impairment reviews in accordance with the requirements of FRS 15 and FRS 11 to ensure that the recoverable amount is not lower than the carrying value.

1.4. 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 constant periodic rates of charge on the net obligations outstanding in each period.

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

1.5. Stock and work in progress

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

Cost represents purchase price or production cost, calculated on a first-in-first out basis. Production cost includes attributable production overheads.

1.6. Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

DEREK GLADWIN LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

..... continued

1.7. Deferred taxation

Provision is made for deferred taxation using the liability method, to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes, except to the extent that the directors consider that a liability to taxation is unlikely to materialise

2. OPERATING PROFIT	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	134,367	105,901
Loss on disposal of tangible fixed assets	10,445	(259)
Hire of plant and machinery and operating leases	124,076	128,323
Auditors remuneration	7,065	8,105
	<hr/>	<hr/>
3. INTEREST RECEIVABLE AND SIMILAR INCOME	2005	2004
	£	£
Bank interest	5,209	468
Other interest	4	21
	<hr/>	<hr/>
	5,213	489
	<hr/>	<hr/>
4. INTEREST PAYABLE AND SIMILAR CHARGES	2005	2004
	£	£
On bank loans and overdrafts	60,791	61,171
Hire purchase interest	1,545	1,331
	<hr/>	<hr/>
	62,336	62,502
	<hr/>	<hr/>

DEREK GLADWIN LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

..... continued

5. EMPLOYEES

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2005	2004
Production	84	82
Administration	34	32
	<u>118</u>	<u>114</u>

Employment costs

	2005 £	2004 £
Wages and salaries	3,550,851	2,755,243
Social security costs	366,694	281,513
	<u>3,917,545</u>	<u>3,036,756</u>

5.1. DIRECTORS' EMOLUMENTS

	2005 £	2004 £
Remuneration and other emoluments (including benefits)	<u>777,413</u>	<u>96,804</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>2</u>	<u>2</u>

Higest Paid Director

Amounts included above:

	£	£
Emoluments and other benefits	<u>396,285</u>	<u>56,145</u>

DEREK GLADWIN LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

..... continued

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in period	2005	2004
	£	£
Current tax		
UK corporation tax	26,086	237,256
Total current tax charge	26,086	237,256
Deferred tax		
Timing differences, origination and reversal	(12,900)	5,185
Total deferred tax	(12,900)	5,185
Tax on profit on ordinary activities	13,186	242,441

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2005	2004
	£	£
Profit on ordinary activities before taxation	129,750	837,664
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (30th September 2005 : 30% less marginal relief)	24,653	233,702
Effects of:		
Expenses not deductible for tax purposes	2,081	4,260
Capital allowances for year in excess of depreciation	(648)	(706)
Current tax charge for period	26,086	237,256

7. DIVIDENDS

	2005	2004
	£	£
Dividends on equity shares:		
Ordinary shares - Final proposed	-	540,000

DEREK GLADWIN LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

..... continued

8. TANGIBLE FIXED ASSETS

	Plant & machinery £	Furniture & office equipment £	Motor vehicles £	Total £
Cost/valuation				
At 1st October 2004	785,262	137,771	300,716	1,223,749
Additions	12,749	140,185	80,820	233,754
Disposals	-	-	(119,480)	(119,480)
At 30th September 2005	798,011	277,956	262,056	1,338,023
Depreciation				
At 1st October 2004	466,182	52,660	151,938	670,780
On disposals	-	-	(38,685)	(38,685)
Charge for the year	49,773	55,011	36,829	141,613
At 30th September 2005	515,955	107,671	150,082	773,708
Net book values				
At 30th September 2005	282,056	170,285	111,974	564,315
At 30th September 2004	319,080	85,111	148,778	552,969

Plant and machinery includes £103,063 at valuation which was undertaken by the directors during the year of their purchase. The original cost of these assets was £2,229 and £100,834 was transferred to a revaluation reserve.

These assets were purchased at a discounted value from the original lessor. The directors have revalued these assets bearing in mind the residual value and expected period of useful economic life. This does not represent a policy of revaluation as defined by FRS 15 tangible fixed assets, it represents a departure from the requirements of FRS 15 which the directors believe is necessary to give a true and fair view.

These assets are being depreciated in accordance with the company's normal accounting policies, and an amount equivalent to the year's depreciation is being deducted from the revaluation reserve.

DEREK GLADWIN LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

..... continued

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

Asset description	2005		2004	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	23,100	7,700	18,421	6,141

9. TANGIBLE FIXED ASSETS - PROPERTY

	Freehold Church Road Warboys £	Freehold Unit 7 Harding Way St Ives £	Freehold Campbells Meadows King's Lynn £	Leasehold 12 Nuffield Road Cambridge £	Total £
Cost/valuation					
At 1st October 2004 and at 30th September 2005	261,452	140,683	505,614	621,702	1,529,451
Depreciation					
At 1st October 2004	-	-	-	35,599	35,599
Charge for the year	-	-	-	4,974	4,974
At 30th September 2005	-	-	-	40,573	40,573
Net book values					
At 30th September 2005	261,452	140,683	505,614	581,129	1,488,878
At 30th September 2004	261,452	140,683	505,614	586,103	1,493,852

Up to and including 2000 it was the company's policy to revalue freehold properties. In 2001 the company has adopted the transitional provisions of FRS 15 tangible fixed assets. Whilst previous valuations have been retained, they have not been updated. From 2001 it is the company's policy not to re-value fixed assets. The last valuation was in 1991.

Freehold property includes £250,000 at valuation which was undertaken in 1991. The original cost of this asset was £177,150 and £72,850 was transferred to a revaluation reserve.

DEREK GLADWIN LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

..... continued

10. STOCKS	2005	2004
	£	£
Raw materials and consumables	18,213	34,425
Work in progress	83,323	74,058
	<u>101,536</u>	<u>108,483</u>
 11. DEBTORS	 2005	 2004
	£	£
Trade debtors	1,133,413	1,067,540
Other debtors	10,400	34,011
Prepayments and accrued income	26,746	22,327
	<u>1,170,559</u>	<u>1,123,878</u>
 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	 2005	 2004
	£	£
Bank overdraft	293,505	285,660
Bank loans	77,496	75,935
Net obligations under finance leases and hire purchase contracts	6,933	10,000
Trade creditors	438,808	466,740
Corporation tax	26,086	237,256
Other taxes and social security costs	721,342	300,712
Directors loan account	322,511	-
Other creditors	-	1,000
Accruals and deferred income	53,552	50,499
Proposed dividend	-	540,000
	<u>1,940,233</u>	<u>1,967,802</u>

DEREK GLADWIN LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

..... continued

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2005 £	2004 £
Bank loans	865,378	912,731
Net obligations under finance leases and hire purchase contracts	10,978	1,667
	<u>876,356</u>	<u>914,398</u>
Loans		
Repayable in one year or less, or on demand (Note 12)	77,496	75,935
Repayable between one and two years	77,496	75,019
Repayable between two and five years	232,488	225,057
Repayable in five years or more	555,394	612,655
	<u>942,874</u>	<u>988,666</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	6,933	10,000
Repayable between one and five years	10,978	1,667
	<u>17,911</u>	<u>11,667</u>

14. SECURITY

The bank overdraft is secured by the following : a) A charge over the freehold property at Church Road, Warboys and on the fixed and floating assets of the company on the banks debenture dated 21st April 1988. b) A legal charge over freehold deeds relating to Unit 7, Harding Way, St. Ives on a banks form dated 13th September 1993. c) A legal charge over leasehold deeds relating to 12, Nuffield Road, Cambridge on a banks form dated 19th December 1997. d) A legal charge over freehold deeds relating to the Bodyline premises at Campbells Meadows, King's Lynn on a banks form dated 2nd March 2001.

DEREK GLADWIN LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

..... continued

15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is analysed over the following timing differences:

	Provided	
	2005	2004
	£	£
Accelerated capital allowances	32,185	45,085

Movements on the provision for deferred taxation are:

	2005	2004
	£	£
At 1st October 2004	45,085	39,900
Transferred to profit and loss account	(12,900)	5,185
At 30th September 2005	32,185	45,085

16. SHARE CAPITAL

	2005	2004
	£	£
Authorised equity		
3,000 Ordinary shares of £1 each	3,000	3,000
Allotted, called up and fully paid equity		
750 Ordinary shares of £1 each	750	750

17. EQUITY RESERVES

	Revaluation reserve	Profit and loss account	Capital redemption reserve	Total
	£	£	£	£
At 1st October 2004	154,315	490,218	2,250	646,783
Depreciation on revalued fixed assets	(12,220)	-	-	(12,220)
Retained profit for the year	-	116,564	-	116,564
At 30th September 2005	142,095	606,782	2,250	751,127

DEREK GLADWIN LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

..... continued

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Profit for the year	116,564	595,223
Dividends	-	(540,000)
	<hr/>	<hr/>
	116,564	55,223
Other recognised gains or losses	(12,220)	(765)
	<hr/>	<hr/>
Net addition to shareholders' funds	104,344	54,458
Opening shareholders' funds	647,533	593,075
	<hr/>	<hr/>
Closing shareholders' funds	<u>751,877</u>	<u>647,533</u>

19. GROSS CASH FLOWS

	2005	2004
	£	£
Returns on investments and servicing of finance		
Interest received	5,213	489
Interest paid	(62,336)	(62,502)
	<hr/>	<hr/>
	(57,123)	(62,013)
	<hr/>	<hr/>
Taxation		
Corporation tax paid	(237,256)	(152,174)
	<hr/>	<hr/>
Capital expenditure		
Payments to acquire tangible assets	(212,954)	(172,385)
Receipts from sales of tangible assets	70,350	18,020
	<hr/>	<hr/>
	(142,604)	(154,365)
	<hr/>	<hr/>
Financing		
Repayment of short term bank loan	(45,792)	(57,033)
Capital element of hire purchase contracts	(14,556)	(12,500)
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	(60,348)	(69,533)
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DEREK GLADWIN LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

..... continued

20. ANALYSIS OF CHANGES IN NET DEBT

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	295,636	(20,273)		275,363
Overdrafts	(285,660)	(7,845)		(293,505)
	9,976	(28,118)		(18,142)
Debt due within one year	(75,935)	45,792	(47,353)	(77,496)
Debt due after one year	(912,731)	-	47,353	(865,378)
Finance leases	(11,667)	14,556	(20,800)	(17,911)
	(1,000,333)	60,348	(20,800)	(960,785)
Net debt	(990,357)	32,230	(20,800)	(978,927)

21. FINANCIAL COMMITMENTS

The company has hire car vehicles on leasing commitments over twelve months.

22. TRANSACTIONS WITH DIRECTORS

The following directors had an interest free loan during the year. The balance on this loan was as follows:

	Amount Owing		Maximum
	2005	2004	in year
	£	£	£
Mr and Mrs H.R. Death	-	23,626	307,438